

MPs debate capital punishment

Let terrorists hang - Brittan

By Julian Haviland, Political Editor

Mr Leon Brittan, the Home Secretary, surprised and upset abolitionists in the House of Commons yesterday by saying that he favoured the restoration of the death penalty for terrorist murders alone while failing, although a lawyer of distinction, to offer any definition of such a category.

Although his general position was known - he voted last year in favour of capital punishment for terrorist murders - his declaration and his reasoning was sharply challenged by Mr Roy Jenkins, a former Home Secretary, and Mr Roy Hattersley, the Labour home affairs spokesman.

Mr Hattersley said that such a change would concede one of the Irish Republican Army's most passionate demands, that their crimes should be treated

Mr Leon Brittan, the Home Secretary, upset abolitionists in the House of Commons yesterday by supporting the death penalty for terrorist murders alone.

Terrorism was a crime against society as a whole, he said, and it was the State's duty to show its repugnance.

Mr Brittan spoke early in the debate, for which time was provided by the Government, giving MPs by tradition the dispassionate Home Office appraisal of the arguments on either side and, also by tradition, his own views on each proposition before their restoration of the death penalty for murder generally, for murder of a police officer, of a prison officer, by

Mr Roy Hattersley said the IRA would glory in execution. It would be madness to give them such a weapon.

Mr Roy Jenkins pressed Mr Brittan into saying that judges sitting without juries might convict Ulster terrorists of capital murder.

shooting or causing an explosion; or in course of furtherance of theft.

For all the balance of his speech, the weight at every point was against restoration, except for terrorist murders.

There were forceful arguments against accepting the rise in homicides since abolition as proof of the deterrent value of hanging, Mr Brittan said. Murder was "only the tip of a massive iceberg of tension, violence and unrest in modern society".

He recalled the difficulties created by earlier attempts to differentiate between categories of murder in the Homicide Act 1957.

It would not be widely understood if the murderer of a police officer was hanged and the murderer of an ordinary citizen who was helping the police was not.

It was difficult to see why a murderer who shot his victim should be regarded with greater abhorrence than a poisoner.

Suddenly, after a succession of such familiar arguments, Mr Brittan became impassioned. Violence against the state posed a threat utterly different in character from crime against individuals, he said.

Trial by jury would have to be brought back in the province and terrorists would go free Mr Jenkins said.

Mr Edward Heath condemned the singling out of terrorist murder and accused Mr Brittan of glossing over the definition of terrorism.

Terrorism was a crime against society as a whole, and sought the overthrow of law itself. It was the duty of the state to signal its repugnance for those who committed crimes which undermined its very foundations.

By now there were shouts of protest from the Labour benches, solidly abolitionists, and approving sounds from behind Mr Brittan.

Mr Hattersley made a fluent and forceful speech, secure in the knowledge that his whole party was with him, happy in being able to declare that he was irrevocably opposed in principle to capital punishment. He

would oppose its restoration even if there was evidence that it deterred, but there was not.

Both he and Mr Jenkins pressed Mr Brittan on whether he wanted Northern Ireland judges, sitting without juries, to convict terrorists of capital murder.

Mr Brittan told Mr Jenkins that it was possible that a judge would sit with other judges or with assessors. That was one of the most extraordinary ideas ever put to the House, Mr Jenkins thought.

If the law changed they would have to go back to trial by jury in Northern Ireland, he said, and the terrorists would go free.

Mr Edward Heath, a convinced abolitionist, was almost as severe on Mr Brittan, whom he accused of glossing over the definition of terrorism.

Four UDR soldiers killed

From Richard Ford Belfast

Four members of the Ulster Defence Regiment were killed in Northern Ireland yesterday when a 500lb landmine blasted their Land-Rover off the road in what was seen as a crude attempt by the Provisional IRA to sway the debate on capital punishment.

Only an hour after the regiment had suffered its worst loss since being founded 13 years ago, the naked bodies of two Roman Catholic men were discovered in a car in South Armagh after what is believed to have been a punishment shooting. Both men had been shot in the head and reports in the border area said that they had been abducted from outside an hotel in the Republic late on Tuesday night.

The sudden upsurge in violence came as Northern Ireland MPs flew to Westminster to vote in the divisions on capital punishment. It was widely seen as a tactic to increase the temperature of the debate, bring more votes in the pro-hanging lobby, giving terrorists a propaganda weapon.

The Provisional IRA attack on the UDR was used as a powerful weapon by Unionist

Photograph, page 2

politicians who denounced the bombing and argued that it favoured the return of the death penalty.

It also increased the pressure on Mr Kenneth Maginnis, a former major in the regiment and now MP for Fermanagh and South Tyrone where the attack happened, who is one of only two Official Unionist MPs opposed to capital punishment.

He said that the attack had been timed to coincide with the Commons vote, adding: "The IRA are never short of an excuse to commit an act of terror, but when there is a situation such as this today and the eyes of the world are on Westminster it is obvious that the IRA will attempt to capitalize on it."

The dead soldiers were named as Corporal Thomas Harrow, aged 25, married with one child, from Sion Mills, co Tyrone; Private Oswald Neely, aged 20, married with one child, from Magheramasson, co Londonderry; Private Ronald Alexander, aged 19, single, and Private John Roxburgh, aged 18, single, both from Drumquin, co Tyrone.

They were in the last of a five-vehicle convoy travelling from Omagh to training exercises in co Down when the huge bomb, hidden in a culvert running under a road, exploded near Ballygawley, co Tyrone.

The force of the blast hurled the vehicle off the road and sent mounds of tarmac and earth into fields near by. The Land-Rover burst into flames and

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Lucky escape for Kinnock in M4 crash

Mr Neil Kinnock, favourite to win the leadership of the Labour party, with the wreckage of his car, from which he had a lucky escape yesterday when it went out of control on the M4, hit a bank and turned over (Rupert Morris writes).

Mr Kinnock, who described his

escape as miraculous, suffered minor cuts and bruises, and was at the House of Commons later to take part in the debate on hanging.

He was alone, on the way to his West London home after a party meeting at Barry, south Wales, when he lost control of the new Ford Sierra

near Newbury, Berkshire. He passed a police breath test and said afterwards that he was not overtired and had no idea how the accident happened.

Mr Kinnock, aged 41, climbed out through a window, and was taken home by taxi. His car was described as a write-off.

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Labour left starts NEC battle by ousting Golding

By David Felton, Labour Correspondent

A left wing coup which will remove Mr John Golding, an aggressive right winger, from the Labour Party national executive, is likely to be the opening shot in a concerted campaign by the left to wrest control of the executive at the party conference in October.

Strategists on the left in the union movement were predicting last night that the balance on the executive, where the centre-right has a comfortable majority, will swing in their favour and thought a 17-10 majority could be in prospect.

They have identified five seats in the trade union section which they believe can be won for the left and are also confident that Mr Albert Booth will beat Mr Eric Varley for the treasurer's seat on the executive. Excluding Mr Michael Foot, Mr Denis Healey and Mr Varley, the centre-right voting strength is about 17-10.

Right wingers were expressing scepticism that there would be a complete turn about in the balance of power but there is a recognition that the left will mount a powerful challenge this year.

Yesterday's decision by the executive of the Post Office Engineering Union to drop Mr Golding, one of its sponsored MPs, as its NEC nominee was not entirely unexpected after the union executive's swing to the left in elections in the spring.

There is an influential Militant Tendency presence in the 14-9 left majority and it was thought that Mr Golding was likely to be one of the first targets of the new regime. The executive said that the decision related solely to the Labour NEC and not his sponsorship as an MP.

"The NEC fully recognizes John's valuable work on behalf of the union as a sponsored MP since his election to Parliament in 1969 and wishes to see him continue that role in the future", a statement said.

Immediately the decision of the post office union became known, the executive of the Civil Union of Communication Workers decided to nominate its deputy general secretary, Mr Tony Clarke, for the NEC in Mr Golding's place.

Mr Clarke is on the right of the party and Mr Alan Tiffin, UCUW general secretary, said that a tradition of the two communication unions supporting each other's candidates was now at an end. "I am deeply disappointed with the treatment handed out to John and I think it will be bad news for communication workers as well as the Labour Party," Mr Tiffin said.

He also announced that a consultation exercise among his 180,000 members on the Labour leadership issue had produced an overwhelming support for Mr Golding.

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Management hopes hinge on TUC

By Barrie Clement, Labour Reporter

Management hopes for an end to the dispute which has halted the *Financial Times* now hinge on TUC action to discipline the union involved.

The company hopes that the TUC would be prepared to take strong steps against the National Graphical Association, possibly up to the point of expulsion from the union movement.

It is thought that if the NGA were to be outlawed, other unions would feel able to break the strike.

Meanwhile the company is still hoping that the national leadership of the NGA will order the machine managers back to work, or abandon them and agree to a scheme to produce the paper without them.

Trade unionists felt last night that the schemes had the ring of desperation about them and that the company would eventually be forced to pay the strikers more money.

The plans rely for their success on draconian measures by Mr Len Murray.

The Advisory Conciliation and Arbitration Service (ACAS) yesterday wrote to the NGA calling on them to accept the mediator's recommendations.

The company sent out a memorandum to its staff seeking to correct an article in *The Times* yesterday which said that Mr William Keys, general secretary of Sogat '82, would not allow his union to produce the paper without the agreement of the NGA. The management contended that he was studying such proposals.

A spokesman for the NGA yesterday confirmed that Mr Keys had given it such an assurance. He had repeated the assurance to *The Times*.

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Industrial activity at three-year high

By Edward Townsend, Industrial Correspondent

Industrial activity in Britain is at its highest level for three years, according to official figures issued today. They show that the gradual improvement in the economy is being maintained.

Output rose by 0.5 per cent in May, its best performance since July, 1980. Almost all sectors of industry, including the beleaguered metal manufacturers, are increasing production.

Ministers have little cause for euphoria, however. While the underlying level of output, adjusted for stock changes, was 3.3 per cent above the 1981 trough, production in the country's factories, mines and refineries remains at least 14 per cent below the levels of summer, 1979.

According to figures released by the Central Statistical Office (CSO), production has been increasing since the start of the year, apart from a slight hiccup in March.

In the three months to May,

output was 1.5 per cent above the previous year, but analysis of individual sectors confirms the Confederation of British Industry view, shared by the Prime Minister, that the recovery is "patchy and thin".

Hard-pressed manufacturing achieved a 0.5 per cent rise in output in the latest three months but was down, also by 0.5 per cent, on the same period a year earlier.

The best performers were in metal manufacture, where output was up 5.5 per cent over the three months, and chemicals, coal and petroleum products, which showed a rise of 2.7 per cent.

In contrast, engineering and allied industries increased by only 1 per cent and textiles, leather and clothing by 0.5 per cent in the three months. Other manufacturing was unchanged and food, drink and tobacco output was down by 2.5 per cent.

Propriety rules at Palace

By Alan Hamilton

When meeting one's monarch in conditions of extreme heat, the question is, does one or does one not wear stockings?

Among 8,000 guests at the first Buckingham Palace garden party of the season yesterday who cooked for a chance to glimpse the Royal Family, propriety far outweighed daring.

Stockings blue, white and brown covered the majority of female legs of all ages, but not those of the Princesses of Wales. She stepped among the multitude showing bare brown legs beneath her apricot and cream silk two-piece outfit, and caused many guests to realize they could have dressed a great deal more coolly without raising so much as an eyebrow.

Dresses on the whole remained decorously up to the neck. No such sartorial abandonment afflicted the gentlemen guests, who almost to a man braved boiling black tails, waistcoats and topers.

The copious provision of iced-coffee could not entirely assuage the effects of the heat; 12 guests fainted. One lady was borne away on a stretcher bearing a beatific smile as though embarking on her last journey in the prior knowledge that she would arrive at the right destination.

The Queen, in blue-striped cotton and a white hat, and Princess Michael of Kent, entirely in white, showed the expected fortitude in the heat. But the Queen Mother, being the most experienced celebrity in the world, outshone them all, strolling under a white parasol clad in blue chiffon that billowed like a three-masted schooner in the Rearing Forties and created a cooling draught all of its own. That, as they say, is class.

Europe swelters and the shooting starts

By Our Foreign Staff

Deaths in West Germany and shootings in France have accompanied the heatwave smothering Europe with temperatures well into the nineties. In the streets of Frankfurt, 10 people have collapsed and died from heatstroke resulting in heart failure, while at Blois, on the Loire in France, a driver protesting at being blocked by two cars shot dead a lorry driver who told him to stop shooting and awakening the dead.

Throughout France the heat point duty stopped in basins of water in the road with their trousers rolled up.

On one motorway a huge 190-mile traffic jam built up. "The longest jams in the world", as a police spokesman called it.

German cities with their liberal laws have allowed mass nudity at beaches and parks, and the popular newspapers are having a field day.

In Sweden, unaccustomed to temperatures in the mere eighties, car accidents and cases of heart failure increased drastically while police believed that a man who leapt from a ferry and drowned was driven by the heat.

By contrast, such temperatures were shrugged off as below

normal in many parts of Spain. LONDON: The hottest place in Britain yesterday was Liphook, Hampshire, with 91F (Our Home Staff writes). London, with the temperature reaching 89F during the afternoon, had its hottest day since 1976. In Cardiff and Southampton it was 91F.

Effects of heat, page 3

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Tomorrow

Fast...
 The Times Guide to the British Grand Prix... and furious
 Heated debate is likely over government involvement in schools at the local education authority conference in Canterbury. Lucy Hodges reports.

For richer...
 The world's top golfers battle in the Open for a first prize of £40,000. John Hennessy, Peter Ryder and Lewin Mair are there.

For poorer...
 Penny Perick meets the Muslim wife who missed out on the alimony millions. She reports in the Friday Page.

Free for all
 Pressure is mounting in Uruguay for a democratic constitution. Andrew Thompson reports.

MCC not to tour S Africa

MCC members have voted against sending a cricket team to South Africa. Votes taken at a special general meeting in London last night and added to a postal ballot failed to bring the necessary two-thirds majority.

Hongkong talks to resume

China and Britain wound up two days of talks in Peking yesterday on the future of Hongkong. China said they were "useful and constructive". The talks resume in Peking on July 25. Sir Edward Youde, the Hongkong Governor, is to attend.

Cable profits up

Cable and Wireless, privatized in 1981, has reported pretax profits up by 76 per cent to £157m for the year ended March, 1983.

Drink tax talks

The drinks industry is likely to seek early talks with the Treasury after the European Court of Justice ruling that Britain's level of tax on wine is illegal.

Moscow link

As doubts gather about Mr Assad's cancelled visit to Moscow, the Russians have been cementing their links with one of the PLO's hard-line groups.

Health cuts

Health authorities say they will probably have to reduce patient services to meet the deadline for the latest round of spending cuts.

Chirac protest

At a time of growing racial tension in France, M Jacques Chirac, the Gaullist Mayor of Paris, has called for tough new measures to curb the tide of immigrants.

Cool pitch

With the first Test match between England and New Zealand starting today at the Oval, the covers have been put on the pitch, not to protect it from rain but to keep it cool.

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Letters: On divorce, from Dr J. Dominian, and Honour Lyall Wilkes; international debt, from Mr A. J. Fox; Hermondeuse, from the Astronomer Royal; Leading articles: Falklands; *Financial Times*; Russian/Japanese talks.

Features pages 10-12

The Labour Party Eric Heffer would like to see the Government's economic strategy vindicated; whoosh hour in the Cromwell Road. *The Times* Profile: Julian Bream.

Books, page 11

Sir John Plumb reviews Kenneth Rose's biography of George V; Richard Holmes on Cyril Connolly; Harry Keating on crime; Michael Ratcliffe on English stones; Nicholas Shakespeare on fiction; Bevis Hillier on Mrs Oscar Wilde.

Portugal, pages 15-17

How the Soares Government is trying to get to grips with the economic plight.

Obituary, page 14

Mr Ross Macdonald, Mr Seymour Szechter.

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Effects of heat making people careless and accident-prone

By Rupert Morris

People are becoming careless and accident-prone because of hot weather, a doctor at a seaside resort said yesterday.

Dr Gillian MacDonagh, consultant at Queen Alexandra Hospital, Portsmouth, treated 27 day trippers and holiday-makers on one day during the searave in the hospital's casualty department, which now expects 1,500 patients in July alone.

Many of the injured needed treatment for burns, ranging from sunburn to accidents in the home where people were only lightly clad in tee-shirts and swimming gear. In the last 10 days the number of people being treated for burns at the hospital has risen by 50 per cent.

Dr MacDonagh said: "There is no single explanation except that many people have become careless in this weather. The heat is taking its toll. It is not so far-fetched to warn that people could die if they sleep in bedrooms without proper ventilation."

As temperatures continued into the 90s, Smiths Industries in Cheltenham, Gloucestershire, told its workers that they

could clock on at 6am and leave work at 2pm, to avoid working through the heat of the afternoon. Several other local firms followed suit.

A Smiths spokesman said the new working hours would also prevent the malfunctioning of overheated delicate instruments - which is what caused the startled townspeople of Brecon, Powys, to be woken in the early hours of the morning by an incessant pealing of bells.

New machinery had been installed in the belfry of St David's Church and the heat is thought to have caused a pin to dislodge so that the bells rang for half an hour until the Rev James Courts climbed up in his pyjamas to restore calm.

At a South Wales suntan oil factory 140 women were sent home after refusing to wear long-sleeved overalls as the factory floor temperature reached 100°F.

Mrs Margaret Meacham, shop steward at the factory, said yesterday: "We asked to be allowed to wear short sleeves and sandals and have a cold drink in the afternoon. But the company refused and said we had to wear the normal overalls

and stout shoes, and sent the girls home."

"One woman collapsed and we have several others who are pregnant. For a firm making suntan oil you would think they would understand about hot weather."

There was a health fire yesterday at Liphook, Hampshire the hottest place in Britain for the past two days, and the Hampshire Ambulance Service found most of its vehicles overheating. Back-up ambulances had to be sent out while others waited to cool down.

In Chichester, Sussex, and RSPCA officials tried to track down a couple whose dog had died of heat stroke after being left in their car. An RSPCA spokesman said: "To confine a dog in a parked car in this weather is nothing short of torture."

Water authorities in Wales and the south and east of England appealed to gardeners to use hoses sparingly and advised people to put off washing the car. In parts of Gwent, Powys and Clwyd the use of hoses was banned, and sprinklers will be banned in most of Gwynedd from today.

Briton acquitted of killing wife's lover

A Briton was cleared at the Central Criminal Court yesterday of murdering his wife's lover 3,000 miles away in Kuwait.

Mr Roy Amlot for the prosecution, had alleged that Colin Littlechild, aged 41, had tracked his runaway wife to the Arab state where she was living with his friend Mr Jack Smith, aged 32, a British oil worker.

The prosecution claimed that while Mr Smith slept, Mr Littlechild cut his throat for motives of "jealousy and revenge", afterwards disguising the killing as suicide by placing the knife in Mr Smith's hand.

But Mr Littlechild, of Waddington Avenue, Old Coulsdon, Surrey, told the jury he had nothing to do with the killing three years ago, although he was in the flat.

He said he spent the night there after flying to Kuwait hoping that Mr Smith might help him to find a job. Mr Littlechild said he was extremely embarrassed to find his wife Lena, aged 36, living with Mr Smith. He had not seen her since she left their former home at High Street, Lingfield, Surrey, two years earlier.

The jury heard conflicting evidence from professor Keith Simpson and professor James Cameron the British pathologists and Mr Ibrahim El Abd, an Arab pathologist. Professor Simpson and professor Cameron both said that after examining photographs of the dead man they believed he had been murdered.

The Arab pathologist, called for the defence and the only one of the three to have examined Mr Smith's body, said he



Mr Littlechild after his acquittal

believed that the oil worker had committed suicide.

But Mr Amlot said: "Suicide does not make sense."

Mrs Littlechild had vanished in April, 1980, after changing her name to Smith by deed poll, unknown to her husband. She and Mr Smith, although both married, went through a form of marriage in Kuwait and lived very happily together until Mr Littlechild arrived, Mr Amlot said.

Mr Littlechild said he had wanted to find his wife to sort out financial arrangements over their flat. The three had drinks and discussed the matter. He left for twenty minutes to allow matters to "cool off" and, when he returned, found the atmosphere between his wife and Mr Smith "tense".

He told the jury: "I personally think the answer to all this lies in what happened or was said between Lena and Jack while I was out."

Jeffreys gets new judgment

By Richard Dowden

Was Judge Jeffreys a monster who sent people to the scaffold with phantasmal glees? Or was he an innocent victim of circumstance, suffering from overwork, diminished responsibility, acting on orders, occasionally tired and emotional? Quite a charming and humane chap really?

In the columns of the *Law Society Gazette* lawyers are battling over the reputation of perhaps their most celebrated colleague.

In an article *Colin Hunt* quotes Thomas Pitt, who she says, attended some of the sittings, at which Jeffreys is reported to have sentenced more than 160 people to be hung, drawn and quartered.

"He observed neither humanity to the dead nor civility to the living," Mr Pitt wrote. However, Richard Rose, a London solicitor, dismisses Thomas Pitt as a virulent Whig pamphleteer, and says Jeffreys was "humane, intelligent and satirically humorous, though terrible when provoked. He could at times be charming."

Mr Michael Rubenstein, another London solicitor, dismisses Mr Rose's case as "misleading whitewash" and is incensed at the suggestion that "evil conduct... should be condoned or excused by reference to physical or temperamental malfunctioning."

The truth, according to a historian of the period, contacted by *The Times*, is simply that Jeffreys had no choice. Dr Peter Earle of the London School of Economics says that the mandatory penalty for treason was being hung, drawn and quartered. The only appeal was to the king. Does Jeffreys deserve a retrial?



Judge Jeffreys: Role disputed



A hot spot: Police Constable L. Parry taking Gideon through a flaming hoop at the Metropolitan Police Horse Show at Imber Court, East Molesey, Surrey, yesterday. Photograph: Harry Kerr

Murdered au pair 'treated as skivvy'

Miss Alana Paton, an au pair, was a "skivvy" to her wealthy West German employer, but when she was murdered in a wood in Hamburg the school teacher who made her work 12 hours a day refused to help detectives to find her killer, an inquest jury at Milton Keynes, Buckinghamshire, was told yesterday.

Herr Volker Schmidt, a German detective, told the court about the lack of co-operation by Miss Paton's employer, Frau Silke Lehmann, and a cry for help by the girl, dying from three stab wounds in her chest and shoulder.

Herr Schmidt said: "Frau Lehmann does not want to help police. I think she, like other German teachers, is anti-police. We think she knew her attacker otherwise she would not have gone in this dark place."

Miss Paton, aged 17, of Rimsdale Court, Bletchley, went to work for the Lehmanns 12 months ago. She was found unconscious 250 yards from where she was attacked in March.

Mr Rodney Corner, the coroner, told the jury that Frau Lehmann had refused to come to England to give evidence despite cash offers to cover her expenses.

One friend, Miss Tina Moore, aged 17, read passages from her letters which described how she used to cry herself to sleep at night "because I am so unhappy and hate the Lehmanns".

Mrs Jane Brockman, the dead girl's mother, told the jury: "She wrote and told me she was being used. She worked from 7 am to 7 pm, and one month she did not get a single day off."

After the jury returned an unlawful killing verdict, the girl's stepfather, Mr Raymond Brockman said: "We are not happy about the Lehmanns, and we are very bitter over the way Alana was treated but we are ordinary people and cannot afford to pursue the matter."

Mounted band plays out

The Royal Artillery Mounted Band one of the oldest and most famous bands in the British army, plays its swan song tonight at the Royal Military School of Music, Kneller Hall. The band, which first played in 1878, at the Queen's birthday parade, but had its origins more than 100 years earlier, is a victim of defence cuts. The original band was formed in 1747.

The mounted band came into being 113 years later with the amalgamation of the bands of the Royal Artillery and the Royal Horse Artillery.

Since the decision to disband, Captain Frank Renton, the director of music, has lined up an impressive array of engagements for his musicians, including the Turin Festival and special performances for the British Ambassador in Rome.

Captain Renton will be guest conductor tonight when the band plays its final farewell to Kneller Hall.

Treasury talks may be sought soon by drinks industry

By Staff Reporters

Early talks with the Treasury are likely to be sought by the drinks industry after the ruling by the European Court of Justice that Britain's rate of taxation on wine is illegal.

The ruling comes at a time when figures, to be issued by the industry today, show that the number of consumers in Britain has almost doubled, with the annual consumption of wine now at 13.5 litres a head.

In contrast, Europeans are drinking less wine. The European Commission says that the average citizen now consumes of no more than 4.7 litres a year compared with nearly a litre a week in the late 1970s.

A sharp downturn in sales of "heavy" wines like sherry, port and vermouth over the past 12 months is shown in today's figures from the Wine and Spirit Association of Great Britain. But consumption of table wine has increased from 90 million litres in 1970 to about 332 million litres now.

Looking at a relatively balanced drinks economy such as Germany's, they get through 25 litres of wine per head each year, a spokesman for the association said. "So in European terms we are still small beer."

Sales of still and sparkling wines were up by 7.7 per cent, or 34 million litres heavy wines were 12 million litres less in the past 12 months and 16 million litres over a three-year period.

The industry has welcomed the European Court of Justice ruling. We normally talk to the Treasury at least once a year but once we have done our sums we might look for an early consultation", the Wine and Spirit Association said.

The spokesman said that the downturn in port and sherry sales represented a heavy loss to the industry and came after the widening in the 1981 Budget of the differential in duty between light and heavy wines.

The drop in EEC consumption is largely attributable to a decrease in both France and Italy. Over the past 20 years, consumption in France has dropped from 123 litres to 89 litres a head, and in Italy from 109 litres to 84 litres a head.

It is bad news for those who have to stop the European "wine lake" from flooding. The EEC, despite the fact that it is succeeding in getting half a million acres of vineyards ploughed up since 1980, is still producing more wine than it can consume.

The "wine lake" at the moment would fill about 100 million ordinary bottles and estimates of this year's vintage are that it will be another bumper year producing about 169.7 million hectolitres. That is about 30 million hectolitres more than last year, when production was 3 per cent more than the EEC could consume.

This year's harvest is also likely to produce the highest ever amount of quality wine, with nearly a quarter of the total production falling into the top category, the highest proportion since 1974 when there was a smaller harvest.

Wine continues to be only the fourth most popular drink in the community. Tea is top, with the average citizen drinking 200 litres a year, followed by coffee (170 litres) and beer (90 litres).

Year-old British cars best buy, AA finds

By Clifford Webb, Motoring Correspondent

Too many motorists are swayed by giveaway prizes such as colour television sets, holidays in the sun and big discounts when buying their new cars when they should be checking on its resale value, the Automobile Association says.

To prove the point it has conducted a survey of the depreciation values of different makes. The result published yesterday in the AA's *Drive* magazine reveals trends which are aids to selecting new and second-hand models.

British cars tend to depreciate more than foreign makes in their first year but are better at holding their value in succeeding years. It suggests that one to three-year old British car makes a good buy.

That contrasts sharply with Japanese cars which hold their value well in the first

year but depreciate steeply in the second. French and Italian cars lose most in the first year but German cars follow the Japanese pattern of good first-year prices.

One car appears to come out of the survey with an impressive retention value at the end of its 12-month warranty period. The Ford Escort 1300cc is said to be still worth 97 per cent of its current purchase price, a figure which surprised many Ford dealers last night. They put it at nearer 85 per cent.

Jaguar revealed yesterday that sales of its cars worldwide in the first six months of 1983 totalled 14,528, an increase of 42 per cent on the same period last year.

America sales of 7,733, (73 per cent up) put Jaguar well on the road to beating last year's record annual total of 10,349.

Jeers as bail is refused in council siege case

An angry crowd jeered yesterday when magistrates refused to give bail to Terence Rafferty, the man at the centre of the council chamber siege in Liskeard, Cornwall, nine days ago.

Mr Mike Robertson, a wealthy stores chief, had offered to stand bail for any sum the court named.

But magistrates rejected the application and Mr Rafferty, 34 today and an unemployed father of three, was remanded in custody for a further week. Reporting restrictions have been lifted at the request of the defence.

Mr Rafferty, of Polbathick, east Cornwall, is accused of possessing a 12-bore shotgun at Liskeard on July 4 with intent to endanger life.

Yesterday the 200-strong crowd outside the court jeered

when Mr Robertson told them Mr Rafferty was remanded in custody.

It was said earlier that the siege began after Caradon's planning committee turned down a planning application by Mr Rafferty. Mr Philip Stephens, defending, said yesterday the siege was a "one-off offence". A once-in-a-lifetime demonstration. Mr Rafferty would be "heavily prejudiced" in his defence if he was kept in custody.

Mr Arthur Hutchings the Magistrates chairman rejected the bail application. On the same grounds as last week: "That Rafferty obtained a shotgun and adapted it for a particular use." Mr Hutchings said the decision was reached after also considering "previous threats" made to the planning officer.

Barclaycard fights £8m credit fraud

By Bill Johnstone
Electronics Correspondent

Barclaycard has installed in selected retail outlets about 600 electronic devices which validate credit cards, as part of a campaign against fraud, which costs the company £8m a year.

The machines read the coded information on the card and transmit it to computers, which instruct the retailer whether the card is fraudulent, has the correct limit and is valid.

Other anti-fraud measures include a poster campaign alerting people to the dangers of credit card theft and loss.

Credit card fraud, which was growing at about 6 per cent a year has been reduced eightfold in 12 months. Losses are small in relation to the size of the Barclaycard turnover, which has risen to £2,500m a year. There are seven million card carriers in Britain.

London to Brighton in 3½ minutes

By Kenneth Gosling

On paper it should have been the most straightforward project which could have been advised by the combined knowledge of the BBC and British Rail, Southern Region.

To mark the half century of the electrification of the London to Brighton line it was decided to clip half a minute from the journey time of four minutes portrayed in the famous 1953 production by the BBC Film Unit, first shown on children's television and used many times afterwards as "filler" material.

The original speeded-up film, showing the 51 miles being covered at 765 mph, so impressed the public that people flooded British Rail with calls asking to go on this four-minute trip.

It took three runs to complete the film, using a hand-cranked camera and 35mm film.

Last month, again using 35mm film but this time in colour, the historic trip was recreated. The headcode panel

was removed from the cab window and a camera installed behind a sheet of glass.

The first problem came at Balcombe tunnel, according to Mr Nigel Hanch, a BBC producer. It had rained for months and at the end of the tunnel they had to stop to wipe the window clear of water.

That was followed by a signal failure and a man with a red flag stood by beside the line to explain the problem. It was back, slowly, to Gatwick, to take the stretch again.

The result will be shown at 6.55pm tomorrow on BBC 1. But perhaps more excitingly for Southern Region, there will be a crack at the actual London to Brighton record on Saturday.

The steam record is 48 minutes; the Brighton Belle did it in 55 and British Rail hopes to do it in 45 using a train carrying underprivileged youngsters sponsored by the Variety Club.

However, as one railway

enthusiast pointed out yesterday, it still takes a couple of minutes longer to do the scheduled run than it did in 1953, and it will be a couple of years yet before the time is reduced to 50 minutes or better.

For anyone who would rather go to Brighton to see the film than stay at home and watch it on television, Southern Region has an exhibition at the rear of which the film forms a part.

For the record, the journey speed over three and a half minutes is 900mph.

Gift for opera

The English National Opera has received £250,000 from the National Westminster Bank for new productions of Wagner's *Ring Cycle* and *The Mastersingers of Nuremberg*, the largest single sponsorship it has received. *The Valkyrie* opens on October 22. *The Mastersingers* opens next February.

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US deficit and trade war black spots on Howe's agenda for Washington

From Nicholas Ashford, Washington

Sir Geoffrey Howe, the foreign secretary, arrived here yesterday for wide-ranging talks on trade, economics and international issues with President Reagan and senior members of his Administration.

Although Sir Geoffrey visited Washington many times in his former capacity as Chancellor of the Exchequer this is his first trip to the United States as foreign secretary. It is also the highest level visit by a British minister to Washington since Mrs Margaret Thatcher's election victory last month.

In addition to meeting President Reagan, Sir Geoffrey will have talks with Vice-President George Bush, Mr George Shultz, the Secretary of State, Mr Casper Weinberger, the Defence Secretary, Mr Donald Regan, the Treasury Secretary, Mr Paul Volker, chairman of the Federal Reserve Board, and members of the Senate foreign relations and House foreign affairs committees.

British officials said his talks would cover three main areas - the world at large, including East-West relations, arms control, Nato and regional issues such as Afghanistan, Poland, the Middle East and Central America; the world economic situation, particularly the United States' role in the economic recovery and the international debt crisis; and bilateral issues, notably trade.

the controversial Export Administration Act, steel imports and the dispute over transatlantic air traffic arising from the collapse of Laker Airways.

Although Sir Geoffrey's talks were expected to be cordial, with broad agreement expected on most issues, British sources said he would express concern over what the British Government regards as protectionist moves by the United States.

Britain has already voiced strong reservations, both independently and in partnership with its European partners, over moves to tighten up the Export Administration Act. It was under this Act that the United States imposed its embargo last year on British and other foreign subsidiaries of United States firms supplying equipment for the Soviet gas pipeline.

Sir Geoffrey has also criticized the Reagan Administration's decision to impose tariffs and quotas on specialty steel imports.

In his talks with Mr Regan and Mr Volker, Sir Geoffrey will emphasize British concern, which is widely shared in Europe, about the size of the United States budget deficit, high United States interest rates and the inflated value of the dollar against other leading currencies.

At last month's economic summit in Williamsburg, Britain joined other participants in

urging the United States to reduce its budget deficit in order to take pressure off interest rates.

The British Government believes that continued high interest rates will not only impede the world economic recovery but could also add to the problems of countries like Mexico, Brazil and Venezuela which have huge debts with Western banks.

Sir Geoffrey will reaffirm Britain's determination to go ahead with the deployment of cruise missiles at the end of this year as part of a Nato decision to deploy 572 Pershing 2 and ground-launched cruise missiles in Europe.

Britain has refused to accept the Soviet Union's contention that its Polaris missile force be included in the US-Soviet negotiations in Geneva on reducing medium-range missiles in Europe.

● **Arms deal:** Sir Geoffrey is expected to repeat British backing for American policy in Central America, a policy laid out by Mr Regan on April 27 that includes military aid to support democracy in the region (Henry Stanhope writes).

Whitehall sources last night emphatically denied a report, quoting a spokesman of the Nicaraguan Democratic Forces (FDN), that Britain might be about to supply arms to El Salvador.



Knesset debate: Mr Moshe Arens, the Israeli Defence Minister (left), and Mr Manachem Begin, the Prime Minister, during a debate on events in Hebron. Mr Arens pledged Israel would build up the Jewish community there.



Russia backs PLO militants

From Our Own Correspondent, Moscow

As doubts gather over the timing and purpose of the mooted visit to Moscow by Mr Yasser Arafat, the chairman of the Palestine Liberation Organization, the Russians have been cementing their links with one of the hard-line groups in the PLO in a week of top level talks that were not announced until they had ended.

Pravda said on Tuesday that Mr Naif Hawatme, leader of the militant Democratic Front for the Liberation of Palestine, spent a week in Moscow until

Monday at the head of a delegation that had talks in the Foreign Ministry and with senior party officials as well as with the Afro-Asian Solidarity Committee.

The Russians briefed the delegation on their support for the Palestinian cause, and are assumed to have made their stand clear on the rebellion against Mr Arafat's leadership.

Meanwhile, Mr Faruk Kaddumi, head of the PLO's political wing, met Mr Andrei Gromyko, the Soviet Foreign

Minister, in Moscow yesterday on a mission originally intended to prepare the ground for a visit by Mr Arafat. However Mr Arafat's announcement on Tuesday that he had no immediate plans to go to Moscow has reduced the impact of Mr Kaddumi's visit.

The Russians have kept a careful silence on the bitter row between Mr Arafat, whom they have consistently supported, and Syria, their principal Arab ally.

Baby elephant blows its own trumpet

Moscow (Reuters) - A local radio station has broadcast an "interview" with a baby elephant at a zoo in the Soviet Central Asian republic of Kazakhstan, Tass reported.

The elephant, named Batir, spoke nearly 20 phrases into tape recorders for zoologists, who were checking a claim by the watchman at the zoo that Batir talked during the night saying: "Batir is good. Batir is a fine fellow."

Tass steps down in clash with Marchais

Moscow (AFP) - An incident on Tuesday when M. Georges Marchais, the secretary-general of the French Communist Party, tangled with Tass was the fault of the Soviet side, it was admitted informally here yesterday.

The Soviet press predictably kept quiet but officials said informally that they could understand M. Marchais' annoyance at statements "attributed to him by an over-zealous interpreter".

The statement said that M. Marchais felt "the main danger (in the present international situation) is from the intention of the American imperialists to deploy their new missiles in Europe".

M. Marchais immediately dissociated himself from the statement, saying that he advocated "balanced reduction in weapons, taking into account all those already deployed by East and West". Tass withdrew the report.

● **PARIS:** In an unusual step, L'Humanite, the French Communist Party newspaper, referred to the cancelled Tass report in a front-page article yesterday (Diana Geddes writes).

A few days before leaving for Moscow, M. Marchais had lunch with President Mitterrand to discuss his visit. M. Charles Fiterman, the senior Communist minister in the Government, was also at the lunch.

Colorado's trail of havoc

Wild West river on the rampage

From Trevor Fishlock, New York

The awesome Colorado river is roaring down the canyons from the Rockies to Mexico in its wildest rampage for 50 years. The bill for wrecked houses, compensation and shelter for people made homeless by floods is running into millions of dollars.

Many of the hundreds of people whose homes, businesses and livelihoods have been washed out are angrily blaming government river control authorities for blundering.

The authorities admit they were caught out by exceptionally heavy rain and an unexpected late snowfall in the Rockies, followed by a heatwave. Nevertheless many riverbank residents had either grown complacent about living alongside such a wild river, or taken a chance, and lost.

The Colorado runs for 1,450 miles to the Gulf of California and has carved the Grand Canyon and other magnificent features. It waters seven states and part of Mexico, and its dams, aqueducts and reservoirs have created rich communities in once barren parts of California and Arizona.

The 736 foot Hoover Dam, near Las Vegas, is the greatest of the eight along the Colorado and is one of the world's largest suppliers of hydroelectric power. It has also helped to control flooding.

This year, however, the Colorado has proved that it is not completely tamed. The extraordinary combination of very heavy rain, snowfall three times heavier than normal and the onset of hot weather made nonsense of the estimates of the Bureau of Reclamation, the river management authority.

With reservoirs brimming, threatening large-scale floods, engineers have had to relieve pressure by increasing outflow from the dams, leading to flooding of more manageable proportions.

The engineers say that they have to release enough water



for the reservoirs to cope with the next snow melt.

Hundreds of people have been evacuated and many of them are furious, saying the river managers should have released water sooner. The Government has opened disaster compensation offices and more than 600 people have lodged claims.

Five Mexicans have been killed in the flooding, and an American died when a raft capsized in the Grand Canyon.

Some resort towns in the lower reaches of the river, from Hoover Dam to Yuma, close to the Mexican border, are suffering because of a ban on tourist boating and because visitors are staying away. But Boulder City booms as visitors flock to see water flowing over the Hoover Dam spillway for the first time in 42 years.

Many of those affected by flooding are among the 2,000 or so people who have accepted the risk of living in the flood plain because it is relatively cheap to do so and because the winter climate is agreeable. Some are retired people, living in caravans, who would find it too expensive to move and who cannot afford flood insurance.

The Colorado is still running high, and will do so for several months. Engineers say it has stabilized but there is concern that seeping floodwater poses a long-term threat to farming in parts of California, Arizona and Mexico.

Girl shot dead during Santiago curfew

Santiago (AFP) - A Chilean girl, aged 19, was shot dead near Santiago and a boy of 17 was shot in the back during a curfew ordered by President Augusto Pinochet's regime to quash a "third day of national protest".

Police identified the girl as Isabel Sanhueza Palecio, a student. She was shot in the neck, on Tuesday, but the exact circumstances of her death were not immediately clear.

The other victim Alberto Pino Quezada, was shot in the back from a passing car in a suburb of Santiago, police said.

While troops yesterday patrolled the capital to enforce the 8pm curfew, a deafening din broke out as thousands of people banged pots and pans and sounded car horns to express anger at their country's economic straits, social problems and the military government's failure to draw up a definite plan for a return to democracy.

In two earlier days of protest, in May and June, six people died and some 2,000 were arrested in the most violent protests since the regime seized power a decade ago.

As electricity cuts plunged several neighbourhoods of the capital into darkness, including the central Bernardo O'Higgins Avenue, people built barricades and burnt tyres.

The banging and shouting

came as loudly from the elegant suburbs of Providencia, Vitacura and Reina as from the working-class districts of Pudahuel, Conchalí and Cisternas. Around midnight, numerous shots were heard around the capital.

The noisy protest was echoed in Concepcion, a city of some 1.5 million people, 350 miles from here, and also under military curfew.

Earlier in the day, three bombs had exploded on the railway line between Santiago and Valparaiso, interrupting traffic.

Hundreds of students demonstrated at the law faculty of the University of Chile and at the Catholic University.

Police also failed to stop angry demonstrations at the Santiago law courts, where lawyers for the arrested Christian Democratic Party leader, Señor Gabriel Valdes, and two of his colleagues, filed habeas corpus writs.

● **ROME:** The Pope called yesterday for dialogue between the Government and protesters and urged demonstrators to avoid violence, "even in the attempt to reach goals of legitimate aspirations". He also endorsed the Chilean bishops' conference appraisal of the situation as "grave".

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South African policeman suspended after killing of black held in custody

General Johann Coetzee, the South African Commissioner of Police, announced yesterday that an unnamed white policeman has been suspended from duty in connection with the shooting of a young black man in a Soweto police station on July 5.

General Coetzee said that the suspension would remain in force at least until the investigation into the incident being carried out by the police department had been completed. Certain statements and the results of scientific tests were still outstanding.

Mr Paris Malatji, aged 24, died in the Protea police station. So far the police have admitted only that the cause of death was a bullet wound, and that it was inflicted shortly after Mr Malatji had been detained for questioning. They have not said what offence, if any, the dead man was suspected of.

A post mortem was carried out on July 7, and Mrs Pearl Legodi, the dead man's aunt, was present for the purposes of identifying the body. She was also told the results of the medical examination. The

police have so far refused to comment on the post mortem findings.

According to Mrs Legodi, Mr Malatji had a bullet wound in the middle of the forehead just above the nose. She said that the bullet appeared to have been fired at point blank range as there were burn marks visible on the skin. There were no signs of any other injuries.

So far the incident, which on the face of it appears to be one of the most horrific in the long catalogue of dark deeds in South Africa's police stations and prisons, has received remarkably little comment in the South African press. Not a single paper has yet reported the post mortem results.

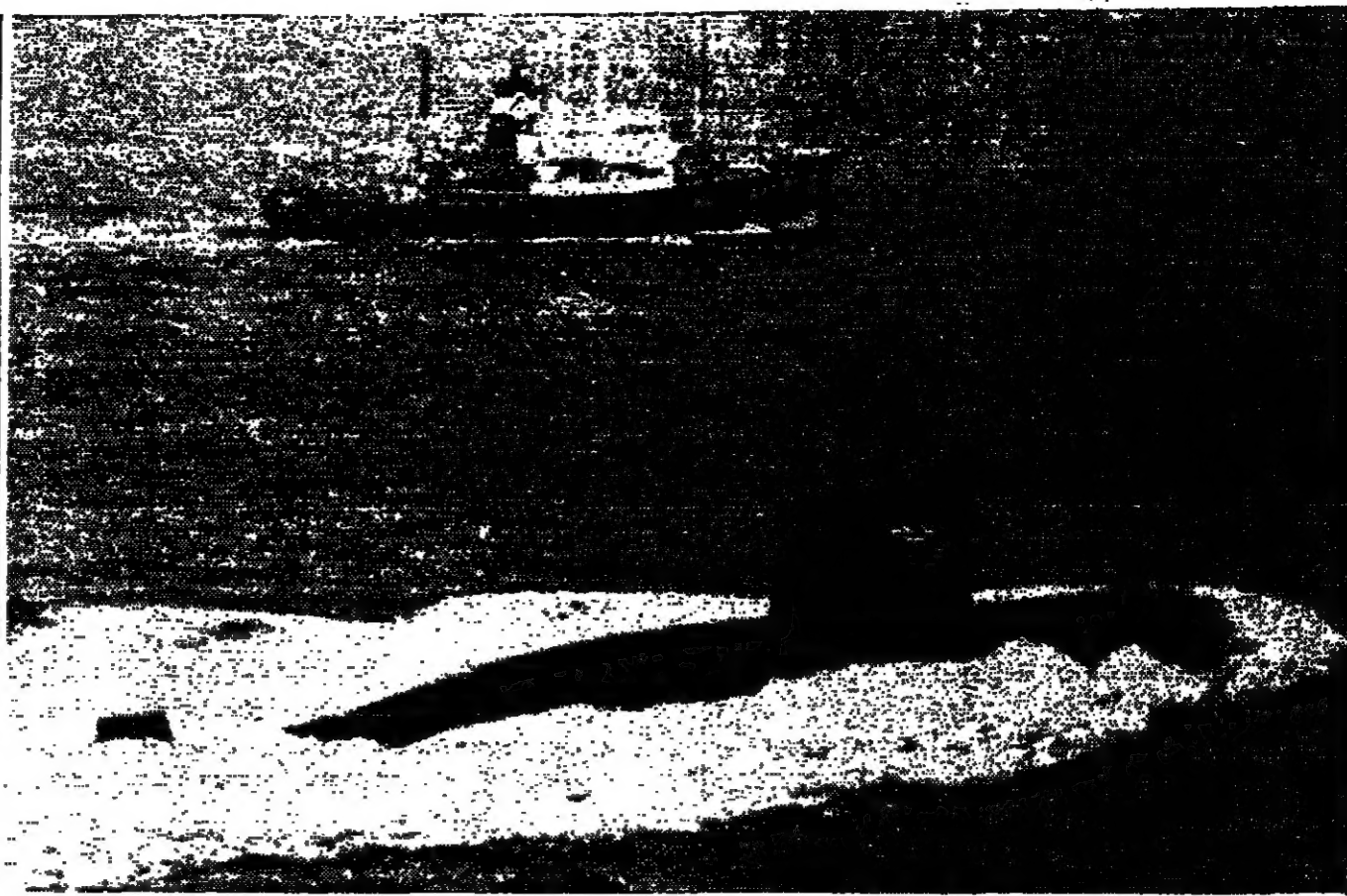
South Africa has scrapped the last vestiges of statutory racially-based job reservation whereby certain jobs could be reserved exclusively for whites under the Labour Relations Act.

The Government's action puts an end to "Determination 27" which had hitherto reserved a small number of specialist jobs in the mines for whites - surveyors, samplers and ventilation officials. Now blacks can

also apply for these jobs. Although of some symbolic significance, the Government's move still leaves intact a formidable barrier to black advancement in the Mines and Works Act which dates back to the early years of this century and prohibits blacks, solely on the basis of their colour, from obtaining blasting certificates showing they are competent to handle dynamite.

This means that the more than 300,000 blacks who work on South Africa's gold, coal, copper and platinum mines are prevented from becoming fully-fledged miners, though there is no doubt that many are as competent as their white supervisors. This is technically not called job reservation, but its effect is the same.

The Government is in favour of the abolition of this barrier to black job advancement, but is not prepared to force the issue against the wishes of the very conservative white Miners' Union, which claims that the Government is less interested in removing the colour bar than in employing cheaper black labour.



Testing time: The submarine Santa Cruz, built by West Germany for Argentina, leaving Emden for sea trials. The 1,700-ton boat, first of a new class, has six torpedo tubes and a 25-knot top speed.

Welshman accused of subversion in Malta

Valletta - Mr Anthony Price, aged 20, from Merthyr Tydfil, Mid Glamorgan, was charged in court yesterday with conspiring to overthrow the government of Malta (our Correspondent writes).

The charge alleged that he had taken part in a conspiracy to subvert the government of Malta by taking up arms to compel it "to change its measures and councils".

Mr Price, who was prevented from leaving Malta by the police, was rearrested yesterday evening. He had previously been detained for 67 days, being released by court order on June 20.

Murder inquiry

Mr Richard Cottrell, Conservative MEP for Bristol and North Wiltshire was appointed yesterday by the European Parliament's petitions committee to investigate the murder of Miss Ann Chapman, a journalist, in Greece in 1971.

Basque deaths

Bilbao (Reuters) - Two gunmen believed to be Basque separatists shot dead a policeman north of Bilbao yesterday. In San Sebastian a suspected Basque guerrilla was killed by a bomb he was apparently carrying.

Dissident jailed

Moscow (AFP) - Mr Vasilii barst, aged 37, leader of the committee for the right to emigrate, had been sentenced to five years in a labour camp for "agitation" and "anti-Soviet propaganda", *Trud* newspaper reported.

Missile mission

Tokyo (AFP) - Mr Shozo Kadota, a Japanese Foreign Ministry official has left for Moscow talks expected to deal with medium-range nuclear missiles which the Kremlin says may be switched to Asia, with four Soviet-occupied islands claimed by Japan (Leading article, page 13).

Royal check-up

Bahrain (Reuters) - Crown Prince Abdullah Ibn Abdulaziz of Saudi Arabia left Taif for a medical check-up in Geneva. Prince Abdullah, aged 59, is Deputy Prime Minister and commander of the 30,000-strong National Guard.

Man in the news

Cossiga on the switchback

From Peter Nichols, Rome



Signor Cossiga: Returning from political oblivion Signor Aldo Moro, the former Prime Minister who first appointed him to the post, was captured by the Red Brigades in what is still Italy's most important act of terrorism. Signor Cossiga's police failed to find the Christian Democratic leader. On May 10, 1978, he resigned. The

body of Signor Moro had been found the previous day in the back of a car in the centre of Rome.

Signor Cossiga is a sensitive man with a strong conscience and sense of duty. He seemed to be at the end of his career if only because he himself might have been able to overcome the tremendous shock.

Then in August, 1979, President Pertini plucked him out of the shadows and made him Prime Minister. His policies won him the outright opposition of the Communists. Allegations were made that he had given a friendly warning to a Christian Democratic colleague about the impending arrest of his son, a terrorist.

A Parliamentary commission absolved him, but once again, the effect on him seemed likely to end his capacity to continue in the forefront of politics.

Now suddenly, and typically, he has been elected with more votes than any of his predecessors.

Yellow river valley faces flood crisis

Peking (Reuters) - Torrential rain which has swollen the Yangtze River to bursting point and claimed at least 90 lives is spreading north to threaten the Yellow River valley, reports from the area said yesterday.

Officials in the main Yangtze danger areas between Jianli, in Hubei province, and Jiujiang, in Jiangxi, said that the creaking system of dykes containing the treacherous river was still holding.

But in northern Qinghai province, the authorities at China's second biggest hydroelectric dam project near the headwaters of the Yellow River said that emergency work was in progress to stave off an expected flood as the rain feeds the waters upstream.

Construction workers were making strenuous efforts to fortify the structure of the Longyang Gorge dam.

In Anhui province, which has reported 90 dead so far, a flood control official said that the danger was not over yet.

In Wuhan, the capital of Hubei, the river was said to be already well over its level July, 1951, when it ruptured its dykes and burst on to low-lying land.

Bonn cracks down on protesters

From Michael Binyon, Bonn

The West German Cabinet yesterday unanimously approved a controversial law making it an offence to take part in a demonstration that the police have declared to be violent.

Under the law, which is to be sent to committee stage and introduced as soon as possible, anyone who does not leave a rally after being ordered to do so by the police can now face up to one year's imprisonment, even if not personally engaged in violence.

The law, which was introduced by Herr Friedrich Zimmermann, the right-wing Minister of the Interior, has been bitterly attacked by the Social Democratic opposition and the Greens, who see it as a threat to the constitutional right to demonstrate.

The police have also expressed doubts on the need for the change, saying rioters can be adequately dealt with under existing laws. Last weekend a senior judge said it could not be right that to convict rioters the state made all demonstrators criminals.

The toughening up of the law has been a main plank of the Christian Social Union, of which Herr Zimmermann is a leading member, and was one of

Chad army retakes key town

Ndjamena (Reuters) - Another 300 Zairean soldiers arrived in Chad yesterday to boost President Hissène Habré's army which appears to have turned the tide in its war against advancing Libyan-backed rebels.

The number of Zairean troops is expected to rise to more than 2,000 in the next few days.

The Government announced it had recaptured the key eastern town of Abéché which fell to rebel troops last weekend.

Foreign correspondents were taken to Abéché to see for themselves that rebel claims to be in control were false.

The claimed recapture of Abéché, a dusty town of 40,000 people near the Sudanese border, was described as an important turning point in the Government's efforts to beat back the rebel offensive.

PARIS: Mr Idriss Miskine, the Chad Foreign Minister, said yesterday the civil war was "a situation of unprecedented gravity" and pressed a new request for French troops to intervene.

He said French shipments of military aid to Chad had been insufficient to end the Goukouni offensive.

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Chirac launches offensive against tide of immigrants

From Diana Geddes, Paris

Racial tension is growing in France, and yesterday M. Jacques Chirac, the flamboyant Mayor of Paris, fired another salvo against immigrants. His attack is not likely to ease the problem.

He wants financial aid to induce what he calls foreign "refugees" to return to their country of origin, immediate expulsion of foreign residents who commit criminal offences, and much tougher entry requirements.

In an interview with *Paris Match* magazine, published yesterday, the Gaullist mayor said immigration was becoming "more and more worrying". Measures taken by the Government since May 1981, (when the Socialists came to power), had led to a significant increase in the number of immigrants coming illegally to France, and in particular to Paris.

Not only had there been an increase in the traditional immigration from the former French territories in North Africa, but there had been successive waves of new immigrants from India and Pakistan, and even more recently from Ghana, Zaire, Angola, China and Hongkong, from where they were arriving in "great numbers".

He said: "They are increasingly English-speaking and come via London, which expels them to France. The last 'open and welcoming' country in Western Europe, and furthermore a country where it is easy to get social security".

In Paris, immigration was

particularly serious. Foreign pupils now accounted for 30 per cent on average of the school population, and even more in certain areas: 52 per cent in the 2nd Arrondissement; 42 per cent in the 3rd Arrondissement.

The city's social security office was inundated by requests from new immigrants. "These people are particularly demanding and sometimes aggressive. They are well informed about their rights", he said. That indicated the existence of diverse organized networks which are bringing them up to date with the latest legal situation.

The right response was "neither racism nor racialism", insisted, adding that he personally hated all forms of racialism. But new measures were urgently needed, the reintroduction of visas for certain countries, and much better frontier controls to ensure that "false tourists" did not enter the country clandestinely.

Much tighter checks were needed to ensure that "false students" did not use their studies as a pretext to settle in France. The family ties of alleged relatives of immigrants already living in France also needed to be checked much more carefully, as did their intended place of residence and claimed resources.

Foreigners asking for political asylum should be examined particularly carefully. Those who had already been living for several months in other countries should not be admitted, M. Chirac said.

Canberra experts may visit French test site

From Tony Dubouin, Melbourne

Australia is likely to send scientists to the French Pacific nuclear testing site on Mururoa Atoll to study the effects of the testing programme.

Mr Bill Hayden, the Foreign Minister, said yesterday that Australia was prepared to take part in the proposed inspection provided the mission was endorsed by the South Pacific forum meeting in Canberra next month.

"We do not want anyone to suggest that we are not prepared

to take part, but at the same time our priority is to ensure that our South Pacific partners understand and support such a move because our highest priority is to progress towards a nuclear-free South Pacific. We will do nothing to impair that", Mr Hayden said.

"France has approached Australia, New Zealand and a number of independent nations in the South Pacific to send qualified scientists to Mururoa Atoll.



On the warpath: A Salvadoran "Hunter Battalion" soldier on combat patrol near San Vicente. Rebels killed four troops and injured five in an ambush

Gierek permitted to live in peace

From Roger Boyes, Warsaw

Mr Edward Gierek, the disgraced former Communist Party leader of Poland, appears to have escaped the humiliation of a public tribunal to assess his political mistakes. However, his Prime Minister, Mr Piotr Jaroszewicz, and a deputy premier are, according to the findings of a parliamentary commission, to be referred to a state tribunal to answer charges of economic mismanagement.

A question mark has hung over the fate of Mr Gierek ever since the imposition of martial law in December, 1981, when he and his principal ministers were interned - along with thousands of Solidarity activists - lest they become a focus of opposition.

There then followed a surge of public criticism of Mr Gierek and his era - he was party leader from 1970 until shortly after the strikes of August, 1980 - on the grounds of disastrous investment policies and fostering party corruption. This criticism stopped abruptly at the start of this year and his name has scarcely been mentioned since.

Mr Gierek, who now lives in a closely watched villa in Katowice, could still face

criminal charges - for example, for building villas with state funds - but this now seems unlikely. His escape is due to the terms of reference of the parliamentary commission that has been examining the Gierek leadership for evidence of constitutional "irresponsibility".

But Mr Gierek never held a state position - only a party job, albeit the top one - and therefore cannot be tried. The political embarrassment of trying a party chief who was once on the best of terms with the Soviet Union has thus been spared the present Government.

Also exempt from being heard by the Tribunal of State - a parliamentary body which has the right to refer people to the prosecutor - are Mr Edward Babiuch, a former Prime Minister, and Mr Jan Szpylak and Mr Tadeusz Pyka, both Deputy Premiers under Mr Gierek.

But Mr Jaroszewicz, one of Mr Babiuch's predecessors as Prime Minister, and Mr Tadeusz Wrzesniewski, another Deputy Premier, who fell in February, 1980, say that he is ill and indeed a number of the accused Gierek leadership have suffered from illness.

Lawyer told to produce 'stolen' sex films

Los Angeles (Reuters) - Prosecutors have ordered a lawyer to produce in court films which he said showed senior Reagan Administration officials romping with women at sex parties.

Police served a subpoena on Mr Robert Steinberg on Tuesday night after he announced that the films he acquired from a mystery blonde had vanished.

Earlier, police seized Mr Steinberg's luxurious Beverly Hills office as part of the inquiry into the disappearance of three films. The lawyer said they showed couples having natural sex "as we know it" - and sadomasochistic sex.

He said they depicted sex games involving two officials, a congressman, a late millionaire friend of President Reagan, two businessmen and four women.

Mr Steinberg has been ordered to produce the films in criminal court on July 25, a police spokesman said. "When we served the subpoena, he apparently did not have the films."

"The Police Department has no substantiation of Mr Steinberg's public claims the films exist. The court will have to obtain some answers on the existence of the films and their alleged theft."

Mr Steinberg claimed people in the films included two members of the Reagan Administration of ambassadorial rank and a member of the US House of Representatives.

The late millionaire Alfred Bloomingdale, who was a member of President Reagan's so-called "kitchen cabinet" of advisers, was also in the films, he said.

Other participants were Vicki Morgan, Bloomingdale's self-proclaimed mistress, who was beaten to death last Thursday, two businessmen - "who go back 20 years (with the President)" - and three other women.

Mr Steinberg said he had been handed the films by a mysterious blonde who wanted them used as a bargaining tool in the trial of Marvin Pancoast, a 33-year-old unemployed clerk charged with Vicki Morgan's murder.

He reported the disappearance of the films soon after telling reporters he had telephoned Mr Fred Fielding, a White House lawyer in Washington and, on Fielding's advice, would hand over the films to the Los Angeles prosecutor's office.

Security goes private

Protection - at a price

MATABELELAND Part 3

the Shangani district owned by a local company.

Mr Ray Fawcett, a former policeman and head of Fawcett Security company, is at pains to emphasize that the guards do not constitute a private militia. Rather, he says, they are an early-warning system for farmers and a deterrent to gunmen.

Since the operation started more than three months ago,

he believes that the guards have twice saved farmers' lives.

In the first, an unarmed guard surprised a group of gunmen as they were cutting through a homestead security fence at night and, by acting as though armed, scared them off. In the second, two guards helped Mr Edward Rushmore, a Nyamandhlovu farmer, to drive off gunmen after the homestead came under fire.

Mr Fawcett acknowledges ruefully that not all guards have been as reliable. One, at the Nyamandhlovu farm of Sir Humphrey Gibbs, former governor of Southern Rhodesia, went berserk while drunk and fired shots into Lady Gibbs' car as it stood parked near the homestead. The guard was dismissed before doing any more harm.

The idea of a guard force was put to Mr Fawcett by another Nyamandhlovu farmer after Mr Eric Stratford, his wife and two grandchildren were murdered in March.

The main problem of the scheme is that farmers, in the grips of a second year of drought, can ill afford the cost. Mr Fawcett says the guards are supplied at cost, but still only 10 of the 25 farmers left in Nyamandhlovu can run to this additional protection.

Another farmer in the district, a former policeman, is trying to persuade the authorities to agree to the establishment of a police reserve, made up of farmers and serving members of the force, to help the Army on operations against gunmen.

Concluded



Sir Humphrey and Lady Gibbs: Guard went berserk.

Fear of AIDS causes blood bank shortage

From Trevor Fishlock, New York

New York hospitals are facing a chronic shortage of blood because of donors' irrational fears about the disease AIDS.

Surgeons say that unless people come in soon to give blood they will have to postpone operations. The director of the Greater New York Blood Programme says that if there were an emergency requiring large amounts of blood the blood bank would not be able to cope.

It is widely believed that the disease can be transmitted through blood transfusions and now, it is clear, there is a fear that it can be caught simply by giving blood.

Thai officers ordered to declare assets

From Neil Kelly, Bangkok

In a new drive against corruption the Thai Government has ordered more than 10,000 ministers, officials and military officers to declare their assets and liabilities within 15 days to the Counter Corruption Committee.

General Prem Tinsulanonda, the Prime Minister, rejecting a proposal that the military should be exempted, said the image of the armed forces might be tarnished if officers were not included.

This is the first time that officers, down to the level of divisional commanders, and permanent officials have been obliged to file personal financial reports.

ministers and a small number of senior officials were required to do so. The new rule also applies to police officers down to chief inspector level, senior judges, public prosecutors and university rectors.

Mr Prathuang Kiratibutr, a former Interior Minister, appeared in the criminal court in Bangkok yesterday to deny charges that he had behaved improperly as Director General of the Public Prosecution Department, ordering a prosecutor to drop serious drug charges against a young New Zealand tourist three years ago.

He was also accused of acting improperly in another narcotics case.

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SPECTRUM

Stringfellow

It is not the same as fashion or even the same as taste. All the same, the arts have been affected by changing vogues throughout their histories. Music as much as any art had been formed by fashion - and fortune. Some instruments were lucky: they fitted in with the development of European music, the violin supremely so. Other instruments have been less lucky. The guitar was always a popular instrument for light music, and the lute enjoyed a season of favour centuries ago before disappearing from view.

In this century these two have been reintroduced into the mainstream of musical life. That is the work of a very few musicians. First, as far as the guitar is concerned, is of course Andres Segovia, who will be 90 early next year. A fellow-Spaniard once said that an Englishman playing the guitar was a contradiction in terms. But Segovia himself would scarcely say that, having watched and encouraged one of the few musicians who can be spoken of in the same breath as himself, Julian Bream, one of the great guitarists and - although superlatives are idle in music - almost certainly the greatest lutenist now alive, a man who is English of the English.

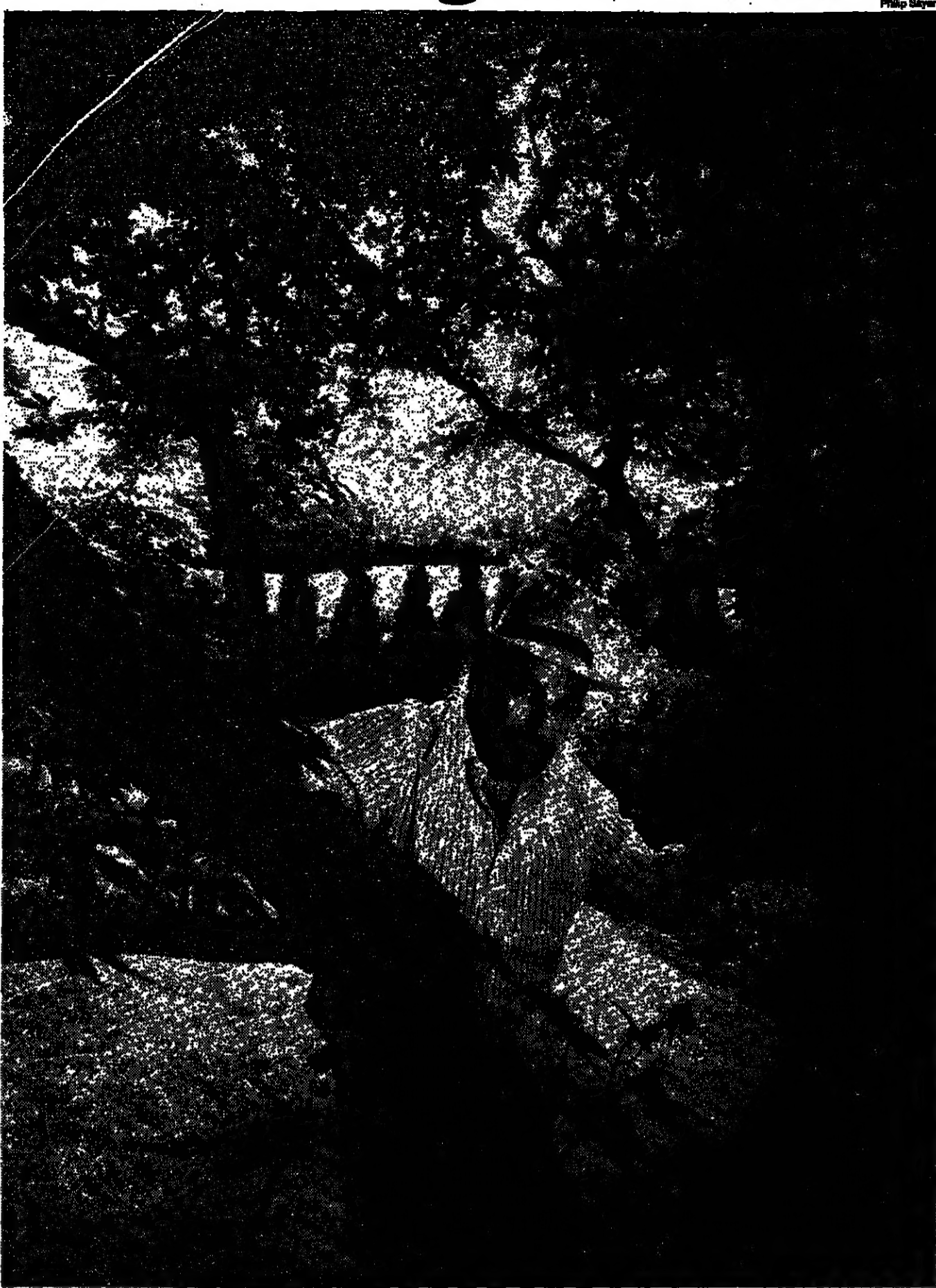
Not English merely, but a Londoner through and through, although now transported to a remote patch of Wiltshire. If you didn't know Julian Bream you might easily think him a London taxi-driver or more likely a publican - no insult, this, to a man who is fond of a drink, though nowadays fine wine more than the beer whose brewing smell so often hangs over his native Battersea. He was born there 50 years ago tomorrow, the son of a commercial artist. It was a mixed-up London family, Portuguese Jews by maternal descent. Julian's mother left home when he was 13; he left school the next year, and two years later his father died.

It was not a musical family exactly, but "my father had a gift, he played the piano by ear and he taught me the guitar to begin with". Bream senior wanted his son to do "something more sensible" than become a musician but the boy was precociously brilliant, winning a junior exhibition to the Royal College of Music when he was 12; the next year, 1946, he made his first professional appearance and the year after that he was heard for the first time by Segovia, the man who had brought the guitar out of the shadows as a serious instrument for classical music. Before Segovia, it had for ages been a popular instrument for parlour plucking and in the first quarter of the nineteenth century it enjoyed a great vogue through the connexion with romanticism and the pastoral.

"Schubert had a guitar - it's an amazing thing, but he didn't have a piano in the house - and I'm sure he worked out pieces on the guitar", Bream says. "But the trouble was the guitar was no more than that - something for frivolous family music-making." It was rather feeble in tone then, far to go until its apogee of development, with the result that it missed out when the greatest of all generations of composers might have written for it. "There were great players then in their way but the instrument didn't really have the potential composers needed."

Even in the middle of the twentieth century it was a problematic instrument for a young musician to make his career on. Bream's brilliance was recognized, but where was he to go? In the symphony orchestra - usual first home for most instrumentalists - there are no guitar desks. He still played the piano, and better than the guitar for some years. He also took up the cello; he never really mastered it but the bowed instrument gave him invaluable understanding of how to phrase on a plucked one.

An interlude in the army postponed awkward decisions when he left the



At home in his English country garden, with flowers, books, wine and music

The Times Profile: Julian Bream at 50

Royal College in 1952. He shocked the sergeants of the Pay Corps by turning up in his own little Austin 7 van: squaddies did not have cars then. Despite the frosty reception he signed on as a regular for three years as the only way of becoming a bandsman.

Although he had no affection for the army he had a fairly cushy time, playing electric guitar in the Royal Artillery's dance band (there was of course no place for him in an ordinary regimental band any more than there was in an orchestra) and moonlighting in London. He even played abroad for the first time, driving in his van to Switzerland - strictly against Queen's Regulations - to accompany the singer Frederick Fuller.

Fuller became a regular partner as Bream began his career in earnest. It was hard, but "I was very determined in those days and anyway, it's easier to live on nothing when you're young. I just had my little bedsit in South Ken."

For all that his instrument did not have a large and familiar repertoire, he was soon well known. To begin with he was so broke that he needed an old-fashioned benefit recital - "Segovia gave a tenner" - but work started to come his way. The BBC was a patron which he remembers with especial gratitude, as how many British musicians do not? First were little interludes on the old Light Programme, then the Home Service (five guineas for quarter of an hour), and after that graduation to the Third Programme.

By the time he was in his mid-twenties he had taken flight; he has risen ever higher over the past quarter of a century. His advance came in part because he was taken up by and with the English musical renaissance. The list of those with whom he has worked and who have composed for him is remarkable: Rawsthorne, Sir Lennox Berkeley, Sir William Walton (who

had promised another piece at his death), Sir Michael Tippett, more recently Peter Maxwell Davies, and maybe most especially Benjamin Britten. Bream has given countless recitals accompanying Britten's lifelong companion Sir Peter Pears, in music by Britten and others.

Although substantially the larger part of his working life has been spent playing the guitar, and although he learnt to play the lute comparatively late, it is the latter instrument that he speaks of with greater affection. It may have a smaller repertoire than the guitar but in large measure it is a superior one. The contrapuntal music of the sixteenth century (and later) is so much more intellectually demanding than much of the guitar repertoire by Spanish and other composers of the second rank, if that.

As with Segovia, it is no wonder that Bream has spent so much time arranging great music written for other

instruments. At his birthday recital tomorrow he and his younger confrere John Williams will be playing the arrangement of Schubert's early G minor String Quartet (D 173) which Bream has made for two guitars.

His life nowadays is divided. Part of it is spent touring, as he describes in racy and funny detail in the recent book *Julian Bream: A Life on the Road* by Tony Palmer (Macdonald £8.95). The road mostly leads abroad: about four-fifths of his 50 or so concerts every year are in Europe or further afield. Touring has its problems and its complications. He has to have a quiet and relaxed day when he is playing, with a light meal before the concert and nothing to drink - "The vino comes afterwards." He likes to be paid his fee in cash, which has meant in light-fingered Italy awkwardly playing with his pockets bulged out by wads of hundreds of thousands of lire.

Most of the time he is in his house not a hundred miles from Salisbury, a large handsome farmhouse surrounded by converted out-houses. Julian Bream is a serious musician behind his charmingly unserious and bucolic manner. He practices and works hard. His day begins at 7.30 with a cup of tea, then half an hour's piano practice to exercise his fingers - this always comes before the guitar or lute - and breakfast and work from 8.30 till noon. After lunch he has a longish walk - in weather as hot as this week's the walk might be before breakfast - and then work again from four till seven.

Wiltshire has other advantages than a landscape of chalk downs. Not very far from Bream's home is the beautiful baroque chapel of Wardour Castle, which has perfect acoustics for broadcasting and recording. (There are also problems. His house is too near a military airbase - as Britten's house at Aldbury was - for silent comfort. And the chapel is not a great many miles away from a large gunnery range: the naked ear cannot pick up the distant gunfire but the recording tape sometimes does.) Mr Bream has the additional happy advantage of a neighbouring guitar-maker.

This is no coincidence. José Románillos followed him there. Together they have what must be a unique distinction for a great guitarist and a great guitar-maker: the one has a cricket bat made for him by the other. As well as the bat Bream has numerous guitars but normally plays only one. Most guitars, however good, can be played only for so long, then they lose their bloom and their tone grows veiled. The instrument can, however, be rested for a year or so and then nursed back.

Although he lives alone now, with two marriages behind him, Julian Bream is far from a recluse. He has a regular flow of friends to stay, to play music - and not only music. He is a cricket devotee, both as a spectator at Lord's and playing in village matches. Unlike some musicians he has no neurotic care for his physical well-being, although the prospect of a rising ball striking his left hand cannot be amusing. His most serious physical concern is with the finger nails of his right hand. There are various ways of sounding a guitar string, but following Segovia, most players pluck with the nails for greater sonority and brilliance. At the end of Bream's beefy arms and strong though delicate hands are long, tough and carefully manicured nails.

A good part of the time when he is not alone, this hand will be grasping a glass of wine as he talks. Not plonk for a passing oenophilic reporter he cheerfully and most generously opens a bottle of '67 Chateau Latour. For all that he likes touring and concert giving, it is hard not to think that the exiled Londoner is happiest there in his beloved garden with flowers, books, wine and most of all music.

Geoffrey Wheatcroft

moreover...
Miles Kington

Now I know my station in life

I was once brought to a standstill in the late 1960s by an *Evening Standard* placard headline: NUDE POLICE SWOOP. In order to deal with the vision of unclothed policemen wheeling and soaring out of the sky, and swooping on some poor innocent (until proved guilty) victim, I had to come to a physical halt in the street. It was then I noticed the missing colon: NUDE POLICE SWOOP - and could pass on peacefully once more, since which time I have not been brought to a stop by any *Standard* headline. Not, that is, until last Monday when I read the message: LONDON STATION FOR SALE.

It wasn't until that moment that I realized, deep down, that I had always wanted to own a station. This is probably because for four years, between the ages of about 6 and 10, I lived in a station. I went home to sleep and for meals, and I must have gone to school, but the rest of the time I lived in the station, simply because it seemed the best possible place in the world. It was called Gresford; it was a country station and it had everything. It had a level crossing, it had a bridge, it had a signal box and it had buckets hanging up marked FIRE. Behind the station there was a steep hillside with woods which sprouted bluebells in spring and bracken in summer. The other side there were water meadows which specialized in lady's smock and cowslips and through which the River Alyn flowed, though I never found out where to. It had a notice asking passengers to show their tickets at the barrier, and I often wondered why they had to show them and not show them. It wasn't till I was grown-up that I realized railways like using words that nobody else uses, such as "alight", "commence" and "terminate".

Gresford also had trains. I leave mention of them till last because, although at the time I thought I was there to see the trains, I realize looking back that it was the station I loved. I didn't want to be an engine driver when I grew up; I wanted to be a stationmaster. The line it was on was the main Great Western from London to Birkenhead, and Gresford is just beyond Wrexham, on the last bit of Welsh foothill before the rich Cheshire plains are reached. Why my English father wanted to live in Wales I never found out, but the result is that although I had a Welsh childhood, I shall never be able to write about it like a real Welshman, not being one of the tribe, and not being called Gwyn or Thomas or both. The next village over the hill had the real Welsh name of Llay, and the Gresford lads had a long-standing rivalry with the Llay lads, but I never felt really involved.

Someone at Gresford station, one of the porters I think, liked gardening and the main platform had lovely flower beds which one year enticed them to sport a plaque saying: "Best Kept Station of the Year in... Denbighshire? Britain? The World? It was also a base for pigeon racing. Now and again the stationmaster would lug a big basket full of pigeons off a train and leave it lying on the platform. You could hear them making soft noises inside. Where have they sent us this time? Gresford? Never heard of it. Wales? How the hell do we get home from Wales?"

Then the stationmaster would re-emerge, checking his big turnip watch, and at the very dot of the very hour would open the basket. The pigeons would launch forth as if inaugurating the Olympic Games, circle above the station once or twice, feel the cold air coming down from the Welsh hills and shoot off in the direction of wherever they lived, apparently unworried by the thought that as soon as they got there they would be put in another basket and sent off again. Occasionally the station master would find one rebellious pigeon skulking in the bottom of the basket and kick him out, then leave the station to me and the flowers. And the trains. The Castles, the Manors, the Halls, the 0-6-0s, the pannier tanks - ah, what engines they were in those days.

The curious thing is that for 99 per cent of the time there were no trains at all. One was always waiting for the next one. And why not? The whole point about being in a station is just being in a station. The one that has just come on the market, Marylebone, is a little big for my needs but now that I know that's what I want, I can wait.

To work or not to work

The Chancellor's charge that some people deliberately remain on the dole because they calculate they are better off that way comes in the wake of a lively academic controversy on the subject. Firmly on Mr Nigel Lawson's side is Professor Patrick Minford of Liverpool University who suggests in a recent book, *Unemployment - Cause and Cure*, that 15 per cent of the workforce would be better off unemployed.

The independent Institute for Fiscal Studies, on the other hand, reckons that only about 2 per cent of the work force is in this position. They say Professor Minford has exaggerated the costs of working - fares to work and so on - and underestimated the benefits available to low paid people with jobs.

A related argument adding fuel to the debate over whether unemployment benefits should be cut - for instance by not raising them in line with prices as now - is that the level of benefits sets a (high) floor to

wages and so pushes up general pay levels, pricing people out of work. Professor Minford claims that a 10 per cent cut in benefit would reduce unemployment by 700,000 but a more detailed recent study* by researchers at the London School of Economics, based on data from a government survey, suggests the figure is closer to 90,000. With the number of jobless topping three million this would be small reward for a heavy price in hardship for the families left on the dole.

*Unemployment benefits revisited, by W. Navarandathan, S. Nickel and J. Stern, Centre for Labour Economics, Discussion Paper 153.

Home comforts

The boom in mortgage lending, which jumped by nearly 50 per cent last year to £14,000m, has not been accompanied by an equally sharp increase in house prices. The reason is that at least half the mortgage money, and possibly more, finds its way out of the housing market and into other consumer spending to finance carpets, washing machines, holidays and the like.

It is not so much that people are cheating - obtaining mortgage funds just for the tax relief. It is an inevitable part of the process. As the *Bank of England* commented in its *Quarterly Bulletin* last September, every chain in the second-hand housing market has an end. The last house comes on the market because the owner has died, or moved in with relatives, or is sold by the landlord after tenants have left. That cash is not spent on housing. Unemployment may also have

FINDINGS

A series reporting on research:
ECONOMICS

persuaded some people to trade down their houses, releasing cash for consumption. And mortgage money will have gone in large part on home improvements and repairs, and new fixtures and fittings on moving. The Bank reckons that about 50 per cent of mortgage lending now "leaks" into consumption, a much higher proportion than in earlier years. But other researchers put the figure as high as two-thirds.

high compared with experienced adult workers.

During the 1970s youth earnings rose from 47 to 56 per cent of adult earnings, though since 1979 they have fallen back to 53 per cent in 1982. The researchers found that a 1 per cent increase in relative wages cut youth employment by at least 2 per cent, on top of the effects of recession.

The implication is that cutting youth wages would help to price youngsters into jobs. But one snag is that this could mean a lot of adults losing theirs.

Doing it yourself

Self-employment has been one of the few growth industries of the last few years. Between 1979 and 1981, the latest available date, the number of people in business for themselves jumped by 12 per cent - 215,000 - to more than 2 million.

More than 60 per cent are in the service industries, such as shops, the professions, hotels and catering, and garages - with another 12 per cent in farming, forestry and fishing and 19 per cent in the building trades.

The main boom area is in insurance, banking, finance and business services - up by 27,000 or 47 per cent. But the June issue of the Department of Employment's *Gazette*, from which these figures are taken tantalizingly provides no more detail. Could this be a

reflection of the explosion in computer services to business?

Yet the growth of self-employment will not be sufficient to replace jobs lost in established firms, according to a study by Peter Johnson of Durham University and John Rodger of the Manpower Services Commission, also reported in the *Gazette*.

They found that only 2½ to 10 per cent of several groups of workers made redundant in the late 1970s has taken the plunge into self-employment. A quarter of those businesses has failed by 1981 and 60 per cent were still employing only one or two people. The study says: "Only 2 (out of 64) employed more than 10 in 1981 and one of these has since failed."

Money puzzle

The case of the missing trade surpluses - \$95,000m (about £62,200m) to be exact, equivalent to a twentieth of all world trade - is baffling the experts. The Bank of England points out in its latest *Quarterly Bulletin* that virtually all the main groups of countries now appear, inconsistently, to be in deficit. But world trade must balance - one country's exports are another's imports. So where has the money disappeared to?

Top of the list of suspects are the undeclared income on overseas assets of investors in the oil-producing states, and the shipping earnings of flags-of-convenience countries. Britain is not the only place where the black economy is booming.

Thin times

The chief economic success claimed by the Government for its first term in office, apart from reducing inflation, has been what it calls the productivity miracle. British industry is demonstrably leaner and fitter now than in 1979, ministers insist.

Doubt is cast on this claim by research by John Muellbauer of Nuffield College, Oxford and Dr Lionel Mendis of the London School of Economics. Their work suggests that there was a brief and genuine breakthrough in output per worker between 1980 and 1981. But the main cause was the massive closure of less efficient plants, labour and management.

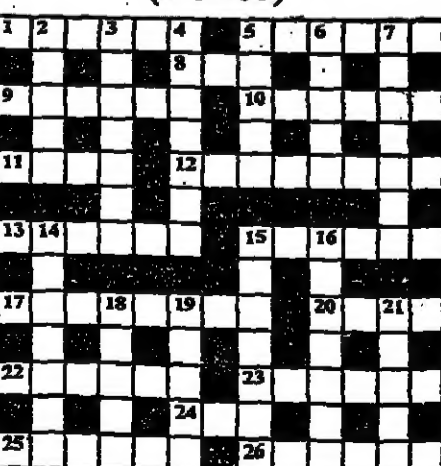
Most of the gains since 1981 have been no more than those normally expected as output begins to recover from recession and the existing plant and workforce is used more intensively, the research indicates.

Once these cyclical improvements are stripped out of the figures, the "productivity miracle" looks less impressive. Muellbauer and Mendis say Britain's long-term productivity growth is unlikely to exceed the sluggish rate of about 2 per cent a year seen in the 1970s unless there is a substantial recovery in investment.

Some indication of how far Britain has to go to catch up with its major international rivals on productivity came last year from the National Institute of Economic and Social Research. According to its Review of August 1982, Britain would have to boost manufacturing productivity by 50 per cent to match European levels, by 100 per cent to equal Japan and by as much as 200 per cent to reach the United States.

Frances Williams

CONCISE CROSSWORD (No 103)



- ACROSS: 1 Sharp tool (6) 2 Salutation (5) 3 Aimless (6) 4 Evil (7) 5 At the stern (3) 6 Pasta (7) 7 Roof tiles (6) 8 Expatriate (5) 9 Not at sea (2,4) 10 Rem again (5) 11 Diving bird (4) 12 Welcome (8) 13 Human mind (6) 14 Spoken defamation (7) 15 Been unsuccessful (6) 16 Wounded (7) 17 Church bells (8) 18 Hawk's strap (4) 19 Muddled (6) 20 Ectoparasite (6) 21 Firing weapon (3) 22 Jenny (6) 23 Mechanical device (6)
- DOWN: 1 Pastel 4 Stripe 7 Tent 8 Volition 9 Observer 12 Gel 15 Union 16 Blasted 17 Fig 19 Everyman 24 Oddballs 25 Dice 26 Exceed 27 Animal
- SOLUTION TO No 102: ACROSS: 1 Pastel 4 Stripe 7 Tent 8 Volition 9 Observer 12 Gel 15 Union 16 Blasted 17 Fig 19 Everyman 24 Oddballs 25 Dice 26 Exceed 27 Animal

THE TIMES DIARY

Gone with the deal

BBC television programmes have consistently declined the opportunity to interview Anne Edwards, biographer of Margaret Mitchell, who wrote *Gone with the Wind*, while she is in Britain next week to launch her book *The Road to Tara*. The BBC, you may remember, paid £4.4m in 1980 for television rights to the film. The reason for the reluctance to feature Edwards is simply that the programme producers would all want to introduce her with a clip from the film. Yet to do that would cost them another £850, which is beyond their budgets. The BBC's £4.4 million deal with MGM allows for clips to be shown only as trailers to complete screenings of the film.

Financial graffiti

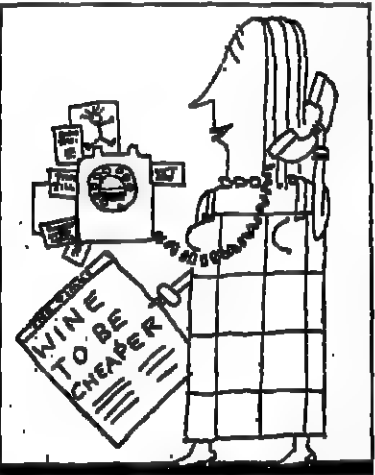
I am glad to see that *The Wall Street Journal* has not been tempted by the absence of its local competition, *The Financial Times*, to compromise its editorial standards to the extent of writing its headlines in English. Two which caught my eye this week have been: "Sling Aims to Cure Idle Handicap, End Noon Nappers' Snooze Blues" (a man has invented a canvas strap to support the arms of cat-nappers) and "Connecticut Lemon Law on Cars Bears Fruit, Consumers Say, but Auto Firms Are Bitter" (a man was able to claim a new car from General Motors after his Chevrolet Camaro was off the road seven times in five months with a faulty clutch). Neither story would I have read had the headline been readily comprehensible.

"All clocks in this station are incorrect," a scrawled notice at Baker Street underground proclaimed yesterday. Above it, one of the clocks in question showed the correct time, to the second.

Bad language

The English on a German sachet of Arya Laya Citra-Bad explains: "It treats the skin, eliminates the cramps, fortifies the organs and the action of their function. Skinfiners tenders guarantee a deep cleansing."

BARRY FANTONI



"Alexander's delighted - he's set his heart on becoming a journalist"

Down the middle

Michael Quinlan, permanent secretary at the Department of Employment, playing cricket for the department against the industrial correspondents, bowled first a wide down the offside, then a ball far outside the leg stump, followed by a dead straight delivery. "He's just the same with me," Norman Tebbit, fielding in the slips, remarked to the batsman. "On the one hand this, on the other hand that, but here is my central submission."

Seering

I owe an apology to the Diary's consultant meteorologist, Arthur Mackins of Bognor Regis. It was with some scepticism that I reported his assertion in February that I could expect a long hot summer. I suggested that you keep the paper in which the prediction was made as it might come in handy to light a fire. Now, Mackins chides me, the paper is likely to catch fire of its own accord in the blazing sun. He promises at least two months' continuation, with the only possible interruption threatened by thunderstorms in an unsettled period from tomorrow until next Wednesday. Prepare the standpipes.

The Irish have solved the difficulty of coping with the confusion between Chris Patten, present under-secretary for Northern Ireland, and his predecessor John Patten, now under-secretary for health. A letter from Jordanstown arrived addressed to: A. Patten, House of Commons.

Causing a stir

An apologetic petty pilferer has returned to the British Airports Authority a teaspoon stolen from Gatwick 47 years ago. It was taken, a covering note explains, while Edward G. Robinson was there shooting *Thunder in the City*. The spoon bears the mark of the airport's original owners, Airports Ltd, and BAA rather doubt they have a use for it.

A chat with my friendly Bank Manager leaves me smiling. I had phoned to complain about a service charge levied despite my, I thought, comforting balance. Threats to withdraw my custom elicited an offer of a friendly chat over a glass of sherry. Forty minutes, four glasses of sherry and a promotional gift later, I reckon the cost to the bank at over £50. The service charge was £4.66, and I will be paying "Banking is not just about money," says my FBM, obscurely. I had a promise not to name the bank.

PHS

Tim Congdon welcomes yesterday's industrial production figures

How 364 economists can be wrong —with the figures to prove it

Britain is now, as it has been for the last four years, a testing ground for economic ideas. In particular, the debate about whether recovery can develop without government stimulus may soon be resolved. The outcome will be important. It will influence for a long time to come the climate of opinion in which policy-formulation and theoretical analysis are conducted.

The earliest and most fundamental criticism of the Conservative economic programme was that self-generating revival in business activity could not occur. In early 1981, 364 economists signed a letter to *The Times* which stated as its main point that: "There is no basis in economic theory or supporting evidence for the Government's belief that by deflating demand they will bring inflation permanently under control and thereby induce an automatic recovery in output and employment."

This letter was undoubtedly representative of academic and professional opinion. Most economists in this country have long thought that it is the Government's task to manage the level of demand. They seem to regard the economy as behaving like an obstinate mule which, without the occasional push and shove from extra expenditure or deliberate currency depreciation, will just stand still. In 1981, when the recession was at its worst, they wanted particularly vigorous reflationary measures.

The Government did not oblige. Instead it adhered to a medium-term financial strategy which specified monetary and budget deficits targets for several years ahead. This strategy came in for some sharp criticism, notably from the Cambridge Economic Policy Group. In a newspaper article of September 30 1981, the group's leader, Professor Wynne Godley, said: "There is no hope at all for a sustained recovery if all that happens is that the MTFS is continued or reconstituted into some alternative mumbo-jumbo". In his view, the MTFS had already become "ridiculous".

The thinking behind the MTFS, and indeed the Government's whole approach was that the economy had in-built mechanisms which would sooner or later lead to improved business conditions. Supporters of official policy were not very explicit about what these mechanisms were or how they operated. But one idea was emphasized quite strongly: it was that lower inflation would permit lower

interest rates and lower interest rates would cause more spending.

So who has been right, the majority of academic economists or the Government and the relatively small band of advisers sympathetic to it? Are there signs of a spontaneous recovery? And are they sufficiently numerous and convincing to decide the argument?

The difficulty with the stand taken by critics of the Government is that they failed to explain how the economy had grown in the centuries before the invention of fiscal fine-tuning, demand reflation and the rest of the Keynesian tool kit. A not very thorough examination of economic history until 1940 suggests that output and employment did recover automatically from cyclical downturns. Contrary to the claim of the 364 economists, there is a mass of "supporting evidence" on the issue. The interesting question is what caused business fluctuations in the absence of a meddlesome demand-managing government.

There are many potential answers, but nearly all involve changes in the rate of capital accumulation and in the scale of credit flows to finance investment. It follows that if we are to understand how the economy might recover without government stimulus today, we should look at wealth and credit. By far the largest single capital asset in the economy is the housing stock, while borrowing for house purchase is the biggest financial transaction most people undertake. It seems reasonable to expect the most reliable signs of recovery to emerge in the housing

market. What is happening in this area at present?

The evidence is unambiguous. The years 1982 and early 1983 have seen a remarkable boom in mortgage credit. As the table shows, lending for house-buying soared from £2,491m in the fourth quarter of 1981 to £3,868m in the fourth quarter of 1982 and has been maintained at high levels this year.

Initially the entry of the banks into the mortgage market was one reason for the rapid increase. But they have curtailed their activities recently, allowing the building societies to resume their traditional position as the dominant suppliers of housing finance. Between the first quarters of 1982 and 1983 lending by the building societies more than doubled.

Housing credit influences economic activity through several channels. There is a direct impact on housebuilding and the construction industry. Probably more important, although less obvious, is a boost to consumer demand. Much mortgage credit does not stay in residential property, but instead seeps out into other parts of the economy by a process known as "equity withdrawal". The classic example is an individual moving up-market who increases his mortgage by more than the change in the value of his home, releasing money for the purchase of consumer durables.

Whatever the particular route by which mortgage lending has been diverted from residential property, there is no doubt that the boom in housing credit has been associated with an upturn in consumer

spending. Retail sales in the first half of 1983 have been about 5 per cent higher than in the first half of 1982, car registrations have jumped by almost 20 per cent over the same period. The upturn in demand is now being followed by an increase in output. Industrial production in May was over 4 per cent up on the low point in November last year, while the latest CBI survey was the most optimistic since 1979.

There is still room for a few qualifications, hesitations and doubts, but it seems clear that a recovery has started. The recovery has taken hold without fiscal stimulus. It owes almost everything to a revival in domestic demand which originated largely in the British public's enthusiasm for home ownership and a willingness to translate that enthusiasm into heavy mortgage borrowing; it owes very little, if anything, to an enlarged budget deficit.

To complete the story we need to ask what was responsible for the boom in housing credit. Some institutional changes, such as the bank's new involvement in home mortgages, played a role, but much more significant was a large fall in interest rates.

As this fall proceeded in 1982, the building societies cut their deposit rates less than the banks, pulled in more money and had no trouble lending it to the large number of their customers eager to increase their stake in residential property. The move to lower interest rates would have been inconceivable without a simultaneous decline in inflation.

Have the 364 economists lost the argument? It seems so. The MTFS may or may not be ridiculous, but it is intact. There may or may not be any basis in economic theory for the Government's belief that lower inflation would lead to an automatic recovery, but that recovery is now fact, not forecast. Although assessments of the success of any economic policy fluctuate almost as violently as the economy itself, opinions about the system's self-correcting properties seem at present to have been vindicated. The open question for the next five years is not "will the 364 economists be wrong?" but "how wrong they will be?"

The author is economics partner of stockbroker L. Messel & Co.

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The boom in housing credit

	Building societies £m.	Banks £m.	Other £m.	Total £m.	% change
1979	5,289	590	751	6,580	+19%
1980	5,715	500	1,177	7,392	+12%
1981	6,323	2,265	1,021	9,609	+30%
1982	7,841	4,927	1,027	13,795	+44%
1983					
1st qtr	1,532	250	212	2,054	+28%
2nd qtr	1,844	400	203	2,447	+42%
3rd qtr	1,591	733	273	2,597	+35%
4th qtr	1,296	892	303	2,491	+17%
1982					
1st qtr	1,222	1,078	308	2,608	+27%
2nd qtr	1,943	1,289	274	3,506	+42%
3rd qtr	2,082	1,508	243	3,813	+47%
4th qtr	2,614	1,052	292	3,958	+53%
1st qtr	2,821	n/a	n/a	4,000*	+53%

Note: % change refers to growth over previous year or same quarter of previous year.

* Estimate

Broader-based, a European view

Continuing our series by contenders for the Labour leadership, Eric Heffer outlines the way he thinks the party should develop

The Labour Party is a democratic socialist party, and it must remain so. From its inception it has been made up of many strands, from the left to the right, united by its desire to build by consent a decent, just and egalitarian society. The party believed and still believes that this can best be done through the public ownership of the means of production, distribution and exchange, with a system of democratic control of industry.

It believes that production should be for use and not purely for profit. The old Christian concept that I am my brother's keeper is at the core of Labour's thinking. It is a caring party.

Because Labour has been defeated and Tory philosophy has temporarily gripped many people, there will be those who would like to see Labour jettison its basic socialist ideas, because, they would argue, they are not vote-winners. I believe in the conveyor theory, i.e. one moves at the speed of the slowest ship, which in my view puts the whole country in jeopardy. Labour must not jettison either its socialism or its compassion, and must continue to fight for greater equality in society. This must remain central to its thinking. What it will need to do is to explain its policies in a more clear and uncluttered way.

The party must build itself into a mass campaigning party. That can be done, and was proved possible in its last election when thousands of people, many of them young, from all walks of life, actively worked in the election campaign and in the process joined the party. The base of the Labour Party is the organized working class. The trade unions helped form the party. They are an integral part of it, and without them it would not be the Labour Party.

With the trade unions being a part of the party there is a recognition that industrial and political life are basically one. This unity needs to be further strengthened at all levels, and to those who say Labour should move away from the unions, I reply that way lies disaster. Certainly, there is room for improvement in the relationship between the two. Certainly, some aspects of it require examination, and some old-fashioned concepts need changing, but the basic elements are sound.

Labour cannot, however, confine itself purely to the organized working-class movement. Beyond that there are other groups and strata in society that are, or should be, natural allies. Millions of young people in particular are concerned about peace. They abhor nuclear weapons, they want to see an end to them. Many are in CND, others are not. They should all be working through and in the Labour Party for their objectives.

There are those deeply concerned about ecological questions: they too should be in the Labour Party. The



same goes for those fighting for women's rights. Blacks and Asians continue to support Labour; they must now become an integral part of the party.

The number of manual workers in industry, the hard core of Labour's support, is decreasing. Today, the old communities in which they lived are increasingly being broken up and the new communities that replace them have less cohesion and more unity. The tribal aspect of society, while lingering in some places, is slowly dying out. Labour must take practical steps to win over these new groups. It must appeal not only to the manual workers but also to white-collar workers, professional groups and those progressive groups which have clear, one-issue, political objectives.

Some of these latter groups have clearly been attracted to the SDP/Liberal Alliance. They have not yet been convinced that Labour really cares for them because they have been seduced into believing that politics is not about class issues and that politics and political argument are somehow not a good thing.

The Tories in Parliament are being exposed for what they are, and Labour must continue to expose

them. They, with their policies of turning history back, of undermining the welfare state, of non-intervention in economic and industrial affairs, of supporting reactionary regimes abroad and of advocating reactionary policies at home, must clearly be the main political enemy. But if they are to be turned out of office at the next election, then Labour must also turn its attention to winning support from those who have temporarily been won over to vote Alliance.

The truth of the matter is that in the last election, the Tories did not really win. It was the Alliance which helped to keep them in office. Votes which would and should have gone to Labour went to the Alliance, and in seat after seat the Labour candidate was defeated because of the Alliance intervention. The Tories are in office even though the country voted overwhelmingly against them. Labour's job between now and the next general election must be to win back that vote.

We must not allow ourselves to be deflected into debates or arguments about proportional representation. That will not come about. The real task is to build up the party, appeal to the workers and a wider public and concentrate on victory.

As for changes in policy, naturally we cannot go on, parrot fashion, saying all the same old things. But Labour's defeat does not mean that the policies were wrong, although they were not properly got over to the public. It is clear however, that some of them need revising. There must be, for example, a greater emphasis on building up contacts among European socialists and trade unionists. The issue of Britain's membership of the EEC cannot now be a central question, certainly not in the foreseeable future. The emphasis must be on producing policies by all socialists in Europe for full employment, control of the multinational, planning the continent's resources in the interests of the people and not allowing Europe to become, like the USA, the home of unbridled free enterprise.

What we really need is to work towards a Europe that reflects the bureaucratic concepts of the Soviet Union, where political democracy is non-existent, and the totally free enterprise system of the United States, where money rules Europe was the cradle of modern civilization. It can be the model for democratic socialism, and that should be Labour's objective. In the past, many diverse politicians have advocated a Socialist United States of Europe, a concept which has been overlooked or pushed aside, but one which I believe has a great deal to commend it. One thing is certain: the type of just society that Labour wants cannot be built in isolation.

That applies equally to the campaign against nuclear weapons. Labour's policies on this are correct and need to be extended to Europe as a whole, with the objective of creating a European nuclear-free zone. While working within Nato, Labour must work for the ending of both the Nato and Warsaw Pact, so that the frontiers of war can be rolled back.

Mrs Thatcher has faced the country with a stark choice. The Macdonald "middle way" has been destroyed. The future is either to have democratic socialism or for the country and Europe to sink further into the morass of unemployment, capitalist concepts, conflict and confrontation.

Labour has to develop a renewed socialism, one which rejects bureaucratic all-pervading state control and replaces it with a non-state socialism which develops self-management with a greater involvement of the people.

The struggles for the future of Britain are going to intensify. Labour needs a strong, dynamic, vigorous and intelligent parliamentary leadership, but it must also accept that extra-parliamentary activity will increase. This would be in keeping with British tradition, and those Labour councils and trade unions finding themselves in conflict with Thatcherism must be given support.

Labour's future is as a fighting, democratic socialist organization. It is that or it is nothing. If it builds such an organization, appealing to the workers and beyond, a Labour government at the next election is assured.

The author, MP for Liverpool, W. Watson, is Opposition spokesman on Europe.

Next: Neil Kinnock

Ronald Butt

Lawson, shooting in the gloom

The new Chancellor of the Exchequer's cash-saving and cash-raising exercise to cover some of the Government's over-spending in the current financial year has found few supporters enthusiastic enough to cheer him for getting his judgment precisely right.

Those who thought that Sir Geoffrey Howe's budget judgment was too tight for spending and borrowing in the current financial year, naturally argue that his successor could have afforded to accept the potential extra £2,000m to £3,000m in public sector borrowing.

The City, on the other hand, has tended to feel that Mr Lawson's correction was enough to signal alarm that the Government's monetary policy was somewhat awry but not enough to remove the reasons for anxiety. Either the cuts should have been larger or the Government should have been willing to come more quickly to the gilt-edged market for the money it needs to borrow at the "right" price.

What the Chancellor has done has admittedly been small by comparison with the possible - but yet certain - dimensions of the problem. He has, in effect, imposed only £600m of genuine spending economies. The sale of assets is not a genuine economy. Indeed, in strictly monetary terms, it is not distinguishable from an issue of gilt-edged, and it is arguably less satisfactory than an issue of gilt-edged, since, leaving aside the desirability of privatization per se, this amounts to disposing of capital assets for the specific purpose of covering current spending.

So perhaps, on a strictly monetarist argument, the Chancellor should have raised more like £1,500m from straight economies. It is not hard to see why the Cabinet would have found this politically unacceptable. More important, it is still early in the year to make slashing cuts in anticipation of an end-year overspending the size of which is at this stage still unpredictable. Indeed, mid-year public sector cuts have usually been regarded as impracticable, which makes it all the more significant that Mr Lawson has attempted them in an attempt to change the psychology of public sector managers.

What has emerged from this episode is how inadequate is the evidence on which Mr Lawson has made his adjustments and, as a result, the Treasury is now investigating with the departments how in future to monitor expenditure through the year. More specifically, it is clear how little is known about the state and purpose of local authority spending, which now appears to have been the principal cause of the borrowing problem which confronted the new Chancellor.

Whereas central government borrowing in this current financial year rose by £2,300m, only £500m of this - almost exactly equivalent to the Chancellor's spending cuts - is

accounted for by central government's own excess of spending over revenue. The rest is accounted for by the central government's lending to local authorities and to nationalized industries.

The Treasury does not know to what extent this money represents capital or current spending, although the overall picture will be clearer when the first quarter of this financial year's public sector borrowing requirement is published next week. In other words, last Thursday's announcement of spending cuts was made, if not in the dark, at least in the half-light of knowledge - which is the principal justification for Mr Lawson's caution in not cutting more at this stage.

Had he done nothing, he would have risked seeming indifferent to the prospect for keeping inflation down in 18 months to two years time, which is what principally determines market attitudes to sterling and interest rates now and in the coming months. Just as the stringency of 1981 led to the present success in curbing inflation (and creating the basis of economic recovery) so laxity now could sow the seeds of renewed inflation in 1985. But the danger was equally of over-reaction, for it is by no means impossible for demand controlled expenditure to contract later this year, and for the total outturn of public spending to be less than is now projected.

The battle for next year's departmental spending programmes will be a hard one, but the immediate question is whether enough has been done this year to stave off a rise in interest rates here. In the last analysis, everything will depend on what happens in the US but a rise in the rate of interest there is more easily raised if there is confidence in our own domestic economy.

For all these reasons, Conservative MPs are generally disinclined to cavil at Mr Lawson's judgment, but they are rightly worried about the lack of information behind it, and particularly about the extent and purposes for which local authorities can borrow from the Government more cheaply than they can from the banks.

With our borrowing as a proportion of our gross domestic product in constant decline, and our recovery comparing favourably with that of other western countries, they do not want to see capital spending and industrial recovery sacrificed to demand-led and local authority spending. Nor do they want a replica of the 1972-73 property boom.

A full and early statement on local authority spending is needed. It should go without saying that Mr Lawson's skill at the Treasury will be assessed by his success in preventing inflation without preventing recovery as well. But more than Mr Lawson's own reputation is at stake. The Government's prospects of a third parliament in which Mrs Thatcher's concept of a new and free society finally takes root is at stake as well.

Paul Jennings

Getting nowhere is all the fun

What is to happen to the old West London Air Terminal in Cromwell Road, now that the Piccadilly Line goes all the way to Heathrow? At present it houses various airline offices, but surely it retains enough of the mysterious atmosphere of arrival and departure, of beginnings and endings, to deserve a better end than that (as one rumour has it) of being put to merely commercial use by Sainsbury?

It's probably just an accident that ever since the Piccadilly extension opened I always seem to have been taken to Heathrow in the cars of kind London friends. Yet I had the same friends in the days of the West London Air Terminal (was there an East London terminal as well?) and I always seemed to be humping a heavy suitcase out that ramp just too far from Gloucester Road tube station. I'm sure the extension is all that it should be. I imagine smart new escalators coming up right in the middle of Heathrow with awful shops of scarves, Churchill figurines, children's police helmets and huge paperbacks by Robert Ludlum (have made date to read him, in the year LVDLVM).

But has it got the - well, the otherness that the West London Air Terminal had? Would it not be better if there were coaches on Piccadilly Line trains which you could enter only if you had an airline ticket? Ordinary commuters would peer in enviously at jolly laughing people with smart matching luggage sipping duty-free miniautomatics or wonderfully aromatic coffee.

The West London Air Terminal may have been hard to get to but it did bring something of the mystery, the slight frisson that air travel still gives most of us (I mean, fancy drinking gin and tonic while you look down on Mont Blanc). Once you had done all the checking-in and went down those cinema exit concrete steps into those buses you were already on another plane, at least metaphorically.

Has it not occurred to the authorities that to give this place over to mere cornflake commerce would be a dreadful sacrilege against the genius loci, the whole Cromwell Road atmosphere?

For this is unique in the world as the road of museums, and the West London Air Terminal could be turned into the final, cumulative glory of a marvellous symbolic starting right back in Knightsbridge. First comes Harrods, bursting with all the material things needed for this life; then Brompton Oratory,

reminder of the spiritual, last refuge from rock 'n' roll; then the V & A, a tremendous warehouse of the achievements of dead artists; then, housed in huge, yellow-brick buildings like grammar schools for giants, the vaster time-scale of geology and evolutionary science. And finally (so far) the Aeronautical Museum, full of flimsy contraptions with thin oilskin wings, many wires and struts, reminder that obsolescence is now going faster than we are.

But the trend in museums today is from passive to active, indeed one of the new commercial ones is actually called *The London Experience*. Is there not a golden opportunity at Cromwell Road to make provision for modern people who feel in some vague way that the only escape from a "reality" either prosaic or terrifying, is not through religion or art or music or any of the traditional routes to the wonderful, but through air travel, to have - well, to have *The Cromwell Road Experience*?

It is not the destination, however exotic it's the flying there, and even more, the air-terminal feeling of being left ordinary life behind, that people want. They needn't even bring heavy suitcases, these would come with the tickets to the whole thing, bought at Gloucester Road tube station. Probably £2 each.

Then there would be the business, as before, of getting across the roaring traffic with it walking up the long ramp, checking in.

But there would be subtle differences, a sense of the place somehow being simultaneously London and not-London.

There would be more than a hint of primitive cargo-cult religion, with crudely painted effigies of pilots and stewardesses on pedestals at the tops of stairways and escalators. There would be stalls with newspapers from all over the world but only the *Sun* from England, and of course all the works of Robert Ludlum and Shere Hite. Then, gently, past red damask ropes and through gleaming turnstiles, past security men and metal detectors, people would go down those steps into a bus-simulator, with back-projection of the entire route from Kensington to Heathrow, then out into the Heathrow wing, and into a Boeing 737 simulator, and a three-hour "flight".

The last exit would lead to the original bus-ports. And the heavy suitcases? People would take them back to Gloucester Road tube all right. There would have been a £25 deposit.



THE FORTRESS FACTOR

The draft report on future policy for the Falklands published yesterday by the Commons Foreign Affairs Committee once again shows what a useful service can be provided by Select Committees. Naturally the Chamber of the House of Commons will remain the ultimate place where the Government's policies are tested, as well as the spirit and cohesion of the governing party. However, much of the raw material which should inform those debates will have to come from the proceedings of Select Committees, such as with this report. The future of the Falklands should rightly continue to exercise the minds of MPs, even if the position in the South Atlantic provides no foreseeable grounds for any likelihood of early change.

Sir Anthony Kershaw's draft report recognizes certain underlying factors about the Falklands, and argues in favour of the recognition of others. The basic claim to sovereignty is accepted as not proven either way, and thus less proven for Britain than the Foreign Office would assert. However, the Argentine claim - whatever they were before 1982 - have been seriously prejudiced by its unwarrantable resort to force last year, in breach of every accepted principle of international law. Until Argentina completely renounces the use of force, therefore, her claim cannot be seriously considered.

That is the Committee's view, but that is not in itself enough. The Argentine claim cannot be seriously considered simply because it is reiterated. There are respectable international procedures for adjudicating on claims of sovereignty. Argentina should either use them or recognize that it has no better position in law, and possibly a worse one, than the British Government, which thus has no

need to respond to the claim, except when it is pursued with force.

The Committee also states that no change in the situation in the Falklands should be agreed without the fullest consideration of the views of the islanders. That is the minimum commitment that they should expect from the Government.

The Committee goes on to explore what changes there could be. Integration within the UK? Independence? Trusteeship? Leaseback? As a provision of the Antarctic Treaty? Or as a multilateral defence base in the South Atlantic? The merits and demerits of each option are considered. The Committee concludes that of them all the leaseback proposition, extending over a span of several generations of islanders, should be kept under the closest consideration as a possible device for securing the long-term future of the islanders at lower financial and diplomatic costs to the United Kingdom. But not yet. The legacy of distrust and enmity created by the Argentine invasion and occupation, the unpalatable nature of the Argentine regime and its continuing belligerence not only rule out such considerations for the time being, but make it imperative that Britain maintains the firmest posture of deterrence and defence of the islands.

These are respectable considerations for members of Parliament, but they have a major weakness as a basis for policy in a government. The committee concludes that, since the Argentine claim is not likely to go away, it will have to be conceded. It bases this conclusion on the supposition that the defence burden will otherwise become intolerable. No sentiment could be more conducive to encouraging Argentine

intransigence than to take this line.

The committee's fallacy is to consider that the defence burden will automatically become intolerable. It will indeed be an additional burden on Britain's defences. That might cause the actual contribution to the European theatre to be lightened. What is overlooked, however, is the considerable strategic advantage of a continuing British presence in the South Atlantic.

In the United States there is a division of view about the need to mend fences with Argentina and the fear of upsetting Britain in the process. In November, when Argentina should acquire a civilian government, it will be necessary for Washington to make friendly representation to Buenos Aires, which will probably include some arms deals. Arms sales may be a necessary element for forging a new relationship between Washington and Buenos Aires. The weapons concerned must not alter the current balance of power over the Falklands, but provided that can be arranged, Britain should not protest. The only hope of more amicable future relations between Buenos Aires and London must lie in a triangular relationship with Washington. That might encourage a gradual understanding in Buenos Aires that Argentina's strategic interest in the South Atlantic is best served by multilateral conversations and agreements and not by an obsessive persistence with the claim to sovereignty over the Falklands. Then - but only then - it might be possible for Britain to contemplate leaseback arrangements in which the juridical change would not in any way undermine the security of the Falklands and Britain's capacity to guarantee it.

THE SHORT-SIGHTED STREET

On a clear day in Fleet Street you cannot often see tomorrow. It is the fate of the *Financial Times* to be out of print at present, struggling with a dispute which has dragged on now for 40 days. But it might be any other house. The plethora of negotiating bodies, each and any one of which can halt production of any issue of any paper on any night - at *The Times* there are 35 such bodies - when coupled with a congenitally cavalier attitude to agreed procedures, and aggravated by the failure of the printing trade union leadership when challenged to exercise that leadership to the full over its members, that creates conditions of total instability.

If ever the nation needed an example of the trade union leadership paralysed by its own impotence - or at least by its lack of will to enforce its writ - the dispute at the *Financial Times* provides an unedifying illustration. It has become a commonplace to blame Fleet Street managements for the chaos in Fleet Street, on the grounds that "they do not manage". Certainly many managements have surrendered their prerogatives far beyond any prudent degree, to a point where they neither hire, fire or take primary responsibility for the general deployment of many of their workers. To that extent they do not manage. In the case in question at the *Financial Times*, however, that criticism does not apply.

Here was a management operating in an orthodox manner, respecting procedures which were then flouted on the shop floor. It called in the trade union leadership, including Mr Len Murray. They endorsed the

exercise in mediation and Mr Murray, on behalf of the TUC, said he hoped both sides would respect its findings. Mr Wade of the NGA said that the union would give it most earnest consideration and agreed that the target date for concluding negotiations should be 3 July.

In the event, the paper has not restarted publication. What response has there been from Mr Murray and the other trade union leaders? The answer at present is very little. As hitherto, disruptions in Fleet Street are shown to flourish because trade union leaders cannot, or will not, put their own house in order. The *Financial Times*, though the latest victim, is merely one more in a long saga of trade union inability to deliver its members.

It is difficult for other newspapers to help the *Financial Times*, much more difficult than it is for other members of the NGA to help their colleagues there by subscribing a weekly £5 levy from pay-packets of several hundred pounds per week. It may sound like crocodile tears for another newspaper - and one certainly engaged in some direct competition with the *Financial Times* - to bewail the absence of its competitor. But apart from the transitory benefit of advertising revenue coming here in default of a home at the *Financial Times*, there are distortions to our sales pattern, and a general lack of clarity to the commercial picture, which are not welcome.

On a higher level, moreover, it is not comforting for any Fleet Street house to witness the ease with which any Fleet Street

workers can bring the whole edifice tumbling down. We come in to work each day with no guarantee that one or other of the many trade union chapels will not conspire to halt production. When the bell tolls for the *Financial Times* it tolls for us all.

There are only three conditions in which Fleet Street can ever see beyond its nose, even on a clear day. The first is for the trade union leadership to acquire the authority and will to deliver its members to honour agreements. That is sadly lacking to date. The second is for Fleet Street managements to introduce a system, such as a layoff clause in their working agreements, which would prevent small groups of workers being able to hold the whole company to ransom because it has to continue paying all its other workers during their period of enforced idleness. If a layoff clause is impracticable then binding contracts should be considered which have the sanctity of contracts and would thus carry penal consequences for any breach.

Finally the performance of the National Graphical Association in the dispute at the *Financial Times* has shown once again that it is not entitled to be entrusted with monopoly control of the new technology knocking on Fleet Street's doors. It is not entitled to insist on this monopoly, nor is it systematically necessary. Mr Joe Wade recognized that fact in his speech to his annual meeting two years ago; but his members do not yet seem to have absorbed the message.

EASTERN APPROACHES

The Japanese-Soviet talks which open today in Moscow are more likely to emphasize the growing tensions between the two states than to initiate any reduction in arms. Since last November when Mr Yasuhiro Nakasone became leader of the ruling Liberal Democratic Party and prime minister, Japan's relations with the United States have improved, while existing differences with the USSR have been exacerbated. Moscow blames the deterioration on "Japanese militaristic trends stimulated by US imperialism" but the real causes are to be found in the policies of the USSR and its inflexible attitude on issues of great concern to Japan.

The Soviet Foreign Minister, Andrei Gromyko has claimed that Japan and its territorial waters are "crammed" with US nuclear weapons, and Moscow objects strongly to the planned deployment of American F-16 fighter bombers in northern Japan. But the Japanese have felt increasingly vulnerable because of the massive expansion of Soviet military power in the Pacific area; they have initiated a modest growth in the defence

budget which remains less than one per cent of GNP. Soviet offers at the Geneva negotiations that the USSR would reduce the number of SS-20 missiles in Europe by transferring some beyond the Urals are quite unacceptable. Tokyo believes that more than a hundred SS-20s are already deployed in the eastern territories of the USSR.

Moscow has repeatedly attacked Mr Nakasone for stating his intention of turning Japan into an "unsinkable aircraft carrier" but of course has failed to acknowledge his reason for doing so: the need to stop Soviet submarines and Backfire bombers violating Japanese territorial waters and airspace.

Since even the largest opposition party, the Socialists, received only a third of the number of seats won by the Liberals in the June elections to the upper house of the Diet, Mr Nakasone can expect to continue his policies of strengthening defences and promoting closer ties with the United States.

The leader of the Japanese delegation in Moscow, Mr Shozo

Kadota, is the head of the Foreign Ministry's United Nations department and is expected to raise the issues of the Soviet invasion of Afghanistan and the occupation of Cambodia by Vietnam, which have both been condemned by the UN. But matters closer to home are likely to lead to even more heated discussion.

The USSR has reinforced its military bases in the four disputed islands, lying to the north of Hokkaido, which the USSR occupied in 1945 and claims as an inalienable part of the Soviet Kurile chain. Tokyo continues to demand the return of its lost northern territories.

As a consequence of the Soviet military build-up and aggressive policies in Afghanistan and elsewhere, the USSR has lost valuable trade with Japan. Rather than stridently accusing Tokyo of "militarism", the Soviet leaders should reflect on their isolated position in the world. It is not by chance that Nato countries, China and Japan share a mistrust of Soviet intentions and a consequent determination to strengthen their defences.

Putting financial world to rights

From Mr A. J. Fox

Sir, The burgeoning scale of sovereign debt to the international banking community is such that, sooner or later, this debt will have to be recognized for what it is: permanent funding of the kind normally associated with the national debt.

It follows, therefore, that these loans should be converted into bonds for which both interest and redemption provisions should be under the regulation of the IMF. After a suitable period, in which it would be hoped that interest would be reliably met, trading in the bonds should be permitted on the major world bourses, thus allowing the banks eventually to restructure their sovereign exposure.

It is another matter whether or not the international banks would welcome converting part of their loan portfolio into "Argentine Everlasting" or "Polish Perpetuals", but a solution managed by the appropriate international agency would be preferable to recurrent rescheduling crises.

As for the debtor countries, they will not be allowed to follow the example of Britain, which even now has £2.6bn outstanding in irredeemable (undated) low-coupon gilts whose original owners must regard the UK Government as being in default - but not, of course, legal - default.

Yours faithfully,
A. J. FOX,
7 Brambles Park, Bramley,
Guildford, Surrey.

Western defence

From Mr Lionel Bloch

Sir, Ever since the US agreed to carry most of the burden of Western defence, we had to put up with the unseemly spectacle of European wags carping at the military efforts of successive administrations from the comfort and security provided by the American nuclear umbrella.

The latest example is your anonymous profile (feature, July 8) of the Assistant Secretary for International Security Policy, Mr Richard Perle.

Even his expertise and brilliance are only acknowledged in order to emphasize the *ad hominem* success of his crime? A determination shared by every senior member of the Reagan Government, to stand up to Soviet expansionism and not be fooled by bogus disarmament postures.

Mr Perle is allowed a few sentences about the inordinate increase in Soviet missiles since 1972. As the argument is unanswerable, no attempt is made to answer it. Indeed, no evidence is offered to substantiate the snide criticisms of the policies which he articulates. Instead there is abuse: "The Darth Vader of the Pentagon", "The Cold Warrior", "The Prince of Darkness". Only Doctor Strangelove and the Apocalypse are somehow omitted.

His pleas for higher standards of arms control - the *sine qua non* of any meaningful disarmament negotiations - are belittled as "his standards".

Of course, Perle has enemies: unilateralists whose fantasies collapse under his lucid scrutiny; bankers who are concerned about their wobbly loans to Eastern Europe; churchmen to whom an accommodation with the Communist regimes seems the most important thing; and miscellaneous wets and appeasers. It is a matter of some regret that *The Times* should, at least in this instance, appear to join their ranks.

Yours faithfully,
LIONEL BLOCH,
9 Wimpole Street, W1.

De minimis

From Mr Andrew Webb

Sir, The article by Frances Gibb (Spectrum, July 4) rightly points out that criminal legal aid is often abused by all concerned in the judicial system and often results in an extravagant waste of taxpayers' money.

To illustrate the point further: I recently acted for a 31-year-old woman, with no previous convictions, who stole two packets of peanuts, value 48p, from a shop. The registrars were of the opinion that they needed to know more about this woman before sentencing her and so the case was adjourned for reports.

Legal aid was granted and the result was that the woman was given a conditional discharge. The legal aid cost of preparing that case and representing that woman came to £262.85.

Yours faithfully,
ANDREW WEBB,
26 Bellevue Crescent,
Clifton Wood,
Bristol, Avon.

State safety net

From Mr Derek Osborne

Sir, It is sad to read in your leading article, "The safety net state" (June 27) an encouragement for the resurrection of the every man for himself ethic in a field of social democracy where, after many years' thought and effort, we had managed to eliminate the need for individual and commercial usury and competition.

There are so many other areas in which these factors depress the unemployed, depress the standards of the privileged and depress some of us may move from one group to the other more than once that it was refreshing to witness the patient growth of a caring society.

You trot out the monetarist statistics about the cost of universal service as though they were dismissal enough. But you fail to examine the alternative cost in human misery which our past experience records so fully. The test of a benevolent society is when most

Change in the nature of marriage

From Dr J. Dominian

Sir, The proposed changes in the divorce law and the Church of England's consideration of remarriage in church have once again focused attention on marriage and divorce.

In the last 25 years there has been a 600 per cent increase in divorce and there is much debate about the causes, consequences and what course of action should be taken. We are about to see another round of this discussion insofar as it affects the plight of children, the financial disposition of the spouses, and the Church's attitude to marriage.

It seems unlikely that a coherent policy for the future will emerge until society faces the fact that we are witnessing a profound change in the nature of marriage. The name remains the same, but its inner world is changing from being primarily a permanent contract, in which the children and their welfare were its main concern, to a relationship intended to be permanent, in which companionship, equity and personal fulfilment are becoming just as important as the welfare of children.

The viability of marriage is increasingly reflecting the ability of two people to meet each other's minimum social, physical, emotional, intellectual and spiritual needs. The gap between the previous expectations and the current ones, assisted by preparation, education or support for the changes, has been filled by divorce.

Until society accepts this transformation in marriage, which is occurring at different rates throughout this country and the whole of Western society, it will remain helpless before divorce, with its large-scale human suffering and the cost to the state of upwards of £1bn annually.

It is important that the Government, churches and society join forces to make use of the available facts, whilst encouraging more research to integrate nationwide programmes for both church and state marriages which aim to give adequate preparation before marriage and effective support to the unfolding relationship afterwards.

A co-ordinated plan is needed for education, prevention and early effective intervention at the start of difficulties. The basic ingredients for such a policy exist if all concerned show the will to grasp the challenge presented by one of the most profound changes in the fabric of society.

Yours faithfully,
J. DOMINIAN, Director,
Marriage Research Centre,
Central Middlesex Hospital,
Acton Lane, NW10,
July 12.

From his Honour Lyall Wilkes
Sir, For over 18 years on the Bench until my retirement last year, I have dealt almost every day with some aspect of divorce and the consequential travail of custody, access and financial applications, so that what follows is the result of that experience.

The attempt by the courts under the present rules to place the parties

in the position they would have been in had the marriage not broken down may have been impossible to achieve, but it kept before the courts the vital principle that there should be no "offensive disparity" between the standard of living of husband and wife before the divorce and after.

It is now apparently proposed that the "no offensive disparity" principle should be replaced by the doctrine of "the clean break" and the "no meal ticket for life" principle, so that the husband who made his marriage vows for life is to be allowed, or encouraged, to free himself of all obligation to his wife after the wife's period of "rehabilitation" is ended.

This reduction of marriage to a contract limited in time - and a very short time where there are no children - seems to me offensive in itself, for if anything is certain it is the easier you make divorce the more divorce you will get. Is that really what Church and Parliament want?

But even with the present disparity doctrine what so often happens is that, with half the proceeds of the matrimonial house sale, the wife still has not enough money to buy a house, and since she is not earning enough (and often nothing at all) she cannot obtain a mortgage and so is compelled to go into a council house or flat; the husband on his earnings does obtain a mortgage and buys a house or flat.

The wife, or ex-wife, and children are therefore left with a depreciating asset, the rent increasing every year, whilst the husband, or ex-husband, gets his feet once again on the property ladder and has an appreciating asset. At once the gap opens between the standard of living and the environment of the children of the first and second marriage.

The ex-husband is under pressure from his second wife to do only the minimum for his first family; the court orders for the first family are too low because the courts generally pay too much attention to the new domestic burdens the ex-husband has quite voluntarily assumed on his re-marriage, without thought as to whether he can discharge his obligations to his first family.

To be encouraged by Parliament to think it is possible to "wipe the slate clean", to pretend that your mistake never happened, or should have no unpleasant long-term consequences, is much in accord with today's fashionable flight from personal responsibility and responsibility for choice. Both husband and second wife entered into their marriage with their eyes open as to the husband's prior obligations.

And what if, years after the divorce, the ex-husband much improves his position in the world? Under the present "no disparity" principle this can be taken care of. But under the banner of "no meal ticket for life", this cannot be dealt with.

Yours faithfully,
LYALL WILKES,
Dissington Garden House,
Dalton,
Newcastle upon Tyne,
July 7.

EEC accountability

From Mr Harry Soller

Sir, It is a pity that even among members of Parliament (Sir Anthony Meyer, July 2), there is still a misunderstanding of what can be done for the United Kingdom by simply increasing the size of the EEC budget.

There should certainly be such an increase or the Community will grind to a halt. But to say, as Sir Anthony does, that there would be a significant financial benefit for the UK from an expanded regional policy is to ignore the facts.

The UK at present gets 24 per cent of the EEC Regional Fund and contributes overall about 24 per cent of its cost - net benefit, all. However, additional expenditure is financed from the VAT element of the contributions of member states, where the UK's share is about 21 per cent, so one can argue that an increase in the fund would benefit the UK, but only by about three units for every 100 units of additional expenditure.

It is highly unlikely that Italy, Greece and Ireland (the other main beneficiaries from the fund) would agree that we should get more than

the present 24 per cent and, indeed, when Spain and Portugal join our share, under the present method of calculations, will drop to about 20 per cent and our share of financing the cost will increase. We are not the poorest of the poor in the Community and will be even less so when Spain and Portugal come in.

Enlarging the EEC budget, although desirable in itself, is not the answer to the UK problem. The financing side has to be rethought so as to bring the contributions of member states more in line with their capacity to pay. If there is not agreement to that, then either the other member states have to agree to continue the ad hoc rebates which we have had for the past four years or we regard our net contribution (only about £10 per head of the UK population) as a reasonable price to pay for membership of the Community.

Certainly the issue must not be seen as one which would call into question that membership.

Yours faithfully,
HARRY SOLLER,
63 Rue Coudenberg,
1040 Brussels,
Belgium,
July 4.

Dr Banda's 'Eton'

From Dr Ian Michael

Sir, Michael Horasby (feature, July 2) could have brought out more fully the irony of Dr Banda's academy if he had made it clear that Malawi has had its own university since 1963. The university was founded on the initiative of Dr Banda, who is its Chancellor, at a time when it was the policy of the Malawi Government to

provide undergraduate education at home.

One effect of the academy and its programme of foreign scholarships for first-degree courses is to reduce, by implication, the standing of Dr Banda's own university.

Sincerely,
IAN MICHAEL (Vice-Chancellor,
University of Malawi, 1964-73),
10A Downfield Road,
Bristol, Avon.

of its members (it can never be all) are prepared to contribute their shares to preserve a freedom from fear, let alone from want. In a civilized state this ideal can become a reality. Not where every man is for himself.

Your disciples have talked these last few months vigorously and resolutely of freedom and justice, but with little sign that they understand the terms. Decades ago even a Forsyte had to recognize his epoch as one which "had glided individual liberty so that if a man had money he was free in law and in fact, and if he had not money he was free in law and not in fact".

True freedom depends on respect for others, not on fights with them to gain the lion's share, be it of a private health company's profits or the power to summon "my little man" from Harley Street or "my little nurse" from "wherever she lives".

As each of us knows, there are ways to economize without cutting our throats. Let the social services

be pruned and pruned again as their expenses rise. Let the fees, drug prices, estate sprawls, administering personnel, etc, be continually reviewed. Let new techniques for management and service be explored and tried. But do not let us abandon what is perhaps the one great achievement of the British people since 1945.

Nineteen eighty four is nearly upon us. Ironic that Orwell had other targets in his sights (or did he?) I do not know which he wrote first, but already we seem to be in the gateway to an Animal Farm, where justice is done but more for some than others.

If we have to go in, and maybe we shall not, I hope that *The Times* will manage to keep its four feet firmly on the ground.

Yours sincerely,
DEREK OSBORNE,
4 Dale Close,
Horsham,
West Sussex,
June 29.

Herstmonceux sale effects

From the Astronomer Royal

Sir, The proposal (*The Times*, July 8) that the Science and Engineering Research Council should dismantle the Royal Greenwich Observatory by selling its present home, Herstmonceux Castle, involves more than the economics of cubic feet of office space and the problems of maintaining a fifteenth-century castle.

Since Greenwich itself became unusable, the observatory has provided many services for British universities. In addition to the traditional services to time-keeping and navigation, it now provides vital observing facilities for university astronomers in the form of training telescopes at Herstmonceux and major telescopes in Australia and the Canary Islands.

In collaboration with Hull and other universities it has also recently completed a satellite laser ranger, which is expected to make major contributions to international geodetic programmes.

The report in *Nature* (June 30) that economic difficulties of the council as a whole may lead to the closure of the satellite laser ranger within a year of its completion suggests to me that the proposed economies at Herstmonceux may have been set down without due consideration to their effects on the many university research groups that now depend on the observatory.

It would be very sad to see the castle misused, or the library of the old Royal Observatory dispersed; it would be a disaster if the many ways in which the observatory provides for university research were to be destroyed in the process.

Yours faithfully,
F. GRAHAM SMITH, Director,
University of Manchester,
Nuffield Radio Astronomy
Laboratory,
Jodrell Bank,
Macclesfield,
Cheshire,
July 8.

A taste of nothing

From Mrs Stella Herbert

Sir, The mass of facts and figures produced by the supporters of rape honey is indeed impressive. I had not realised that I was betraying my country by objecting to it until I read Mr Sergeant's letter (July 4).

If, as he suggests, the lack of distinct flavour makes rape honey "ideal for children", how much further this idea could be taken in other areas of the food-processing industry.

Great strides have already been made in removing the flavour from, for instance, bread, chicken, pork and potatoes, but why not apply the same principle to all foods objected to by children? One thinks of turnips, apricots, onions, coffee, Christmas puddings, kippers - the list is endless.

The success of such a scheme would put an end to unpleasant mealtime scenes and restore parent power at a stroke.

Yours faithfully,
STELLA HERBERT,
23 Cedar Drive,
Market Bosworth,
Nuneaton,
Warwickshire,
July 6.

Feet on the ground

From Mr A. D. W. Pimm

Sir, I was very interested to read Sir Peter Masefield's letter (July 9). I should like to point out, however, that Joseph Montgolfier ascended from Lyon in a large balloon, "La Flesselles", on February 19, 1784, accompanied by Pilâtre de Rozier and several other people. They landed prematurely owing to a tear in the fabric but are said to have attained a height of about 1 km.

Etienne did not accompany his brother on this occasion and probably did not make any balloon ascents.

Yours faithfully,
A. D. W. PIMM,
43 Rowan Walk,
Bromley,
Kent,
July 11.

Hongkong council

From Mr W. Lo

Sir, As an ex-member of the legislative council of Hongkong, the remaining and most important colony, I would like to correct an error in Mr H. Hall's letter to you in *The Times* of July 4. He stated that the colonial legislators consisted of elected members and nominated members appointed by the governor, after the election had been held. This is not so; all members are appointed by the governor. Yours faithfully,
W. LO,
Hyde Park Hotel,
Knightsbridge, SW1,
July 5.

Bit of a come-down

From Mr Alan Brooks

Sir, How delighted I am that my local branch of the Abbey National Building Society is one of those fortunate enough to be already computer-linked! For this morning, the machine unblinkingly credited me with a balance, in my seven-day account, of £3,871,870.

I have the evidence in the print-out in my passbook. It is true that it has been crossed out and replaced, in a humble hand, by the correct figure - a somewhat smaller sum. But, at least, I have had the satisfaction of being a (multi-) millionaire for a minute.

Yours faithfully,
ALAN BROOKS,
43 Western Avenue,
Brentwood,
Essex,
July 8.

Portugal

After months of uncertainty, Portugal now has its strongest parliamentary government since the 1974 Revolution ended the dictatorship. But Dr Mário Soares has come to power at a time of acute economic crisis. Richard Wigg reports.

One of the most revealing books on Portugal's contemporary politics, published just before the April general elections, is — significantly —

Written by a full-time political adviser to President Eanes — he presides over a privileged though not impartial vantage point for observing Portuguese politics — it seeks to show how Portugal's Socialist and Social Democrat Parties, the country's two main political forces, each failed in their differing ways after attaining power to lead the nation and so effectively implement a programme.

After the Portuguese voters last April 25 cautiously hedged their bets, giving 36.3 per cent for the Socialists and 27 per cent to the Social Democrats (in elections held on the ninth anniversary of the armed forces' "Revolution of the Carnations"), these two parties found themselves — after years of combat — with no real alternative but to form a coalition government.

Their two leaders, both lawyers but men of very distinct personalities, the 59-year-old Socialist Dr Mário Soares, almost as widely known outside Portugal as at home, and Social Democrat Professor Carlos Mota Pinto, aged 47, clinging to his Coimbra university town birthplace, laboriously drew up a coalition programme and late last month obtained approval for it from the Assembly of the Republic, Portugal's single chamber parliament, by 161 votes to 67.

In parliamentary terms it is the strongest administration post-revolutionary Portugal has seen. The reforms of the 1976 Constitution, reducing the powers of the presidency, coupled with the new Government's two-thirds majority further restricting his veto, give the nation the chance for the first time of a strong executive.

Yet the so-called "Central Block" has come to power in the most awesome economic crisis of Portugal's modern history.

The dire economic facts of the situation overshadow, or ought to overshadow, all politics at least until the end of the

18-month long emergency austerity programme Dr Soares, Prime Minister for the second time and leading a government of national salvation, has prescribed for the country.

These facts are — foreign indebtedness, nearly \$14,000m, which has doubled since the revolutionary phase ended in 1976 and is a heavy burden for a country with under ten million inhabitants; a balance of payments deficit of \$3,200m, largely due to imports of essential items like cereals and oil; a chronic public sector deficit, with near bankrupt public sector enterprises, productivity figures only one fifth of the OECD average and half those of neighbouring Spain, and at least one million jobless or underemployed.

Portugal has been living on borrowed petro-dollars, particularly since 1979 when the late Dr Francisco Sá Carneiro, a Social-Democrat leader, obtained power by leading an anti-Socialist coalition govern-

The new Cabinet

Mário Soares (Soc) Prime Minister, Carlos Mota Pinto (Soc Dem) Deputy Premier and Defence, António Almeida Santos (Soc) Minister of State and Parliamentary Affairs, Erasmo Lopes (Soc Dem) Finance and Planning, Eduardo Pereira (Soc) Interior, Jaime Gama (Soc Dem) Foreign Affairs, Rui Machete (Soc Dem) Justice, José Seabra (Soc Dem) Education, António de Azevedo (Soc Dem) Labour, António Maldonado Gonalves (Soc) Health, Manuel Costa Soares (Soc Dem) Agriculture, José Veiga Simão (Soc Dem) Industry and Energy, Álvaro Barreto (Soc Dem) Trade and Tourism, António Coimbra Martins (Soc) Culture, João Rosado Correia (Soc) Social Affairs, António Capucho (Soc Dem) Environment, Carlos Melancia (Soc) Maritime Affairs.

ment, with levels of domestic expenditure way ahead of national production. These grew in real terms at more than ten times the OECD nations' average.

The drama now in Lisbon lies not only in Dr Soares's new image of a man of action without any more verbose socialist oratory. Beside him is Dr Ernani Lopes, aged 41, the steady new Minister of Finance

and Planning, who shoulders a task which dominates the rest of the cabinet-made up of nine Socialists and seven Social Democrats.

Son of a Lisbon tailor, Dr Lopes is an independent close to the Social Democrats. Some people in Lisbon are already likening him to the young Dr António Salazar, who started his dictatorship of almost 50 years by putting the country's finances in order in the 1920s at the behest of the military.

But the parallel seems inaccurate. Dr Lopes is not a monetarist for monetarism's sake. Austerity, symbolized after his taking office by devaluation of the escudo, steeply increased fuel prices, and a slashing of food subsidies on items of popular consumption, is for him not an end in itself, but a necessity to get a grip on the nation's spendthrift economy. The economy has got to be restructured, not lived off structurally from the outside world, as under Salazar, but in order to join the European Common Market, Portugal's only long-term salvation in Dr Lopes's view.

Portugal's contemporary mood packs a fundamental paradox. Many ordinary Portuguese openly say their country needs firm, decisive government, leadership out of the crisis. But Dr Soares, presenting his Government's programme to Parliament before the vote, shrewdly noted a tendency in the country to regard the sacrifices needed as always incumbent on "the others".

Senhor Francisco Pinto Balsemão, the previous prime minister whose two and a half year administration as the longest-lived government since the end of the Revolution must take much of the blame for how Portugal's crisis has only worsened, has just warned of the risks involved in combating the dilemma for democracy itself.

"Democracy is only viable from certain economic, social, and cultural levels of development", the former magazine editor told Lisbon's *Diário de Notícias*, "and when these levels are pushed down by reason of an economic crisis or structural defects the regime itself, and not merely the government of the

day, is endangered. To cut the per capita annual income from \$9,000 to \$8,500 is one thing, to go from \$3,000 per head, which is still not yet Portugal's level, to \$2,500 is very different and has totally distinct political effects".

Dr Soares, in the name of patriotism, has taken on a daunting political challenge to lead the Portuguese out of a crisis whose cure cannot fail to have high social costs. Even his ambition to run for the presidency in 1985, an open secret in Lisbon political circles when President Eanes is constitutionally ineligible to run for a third consecutive term, does not lessen his calculated political gamble.

For as Portugal's most

experienced politician he is attempting to act as a bridge between the following of his own Socialist Party in the country and that of the Social Democrats.

But already his call for a "social pact", even a truce, between the social partners has not met with the hoped-for response. With more than one million jobless or underemployed, 100,000 estimated workers months behind with their wage payments and inadequate social assistance, the crisis in Portugal is a wholly different phenomenon from that of northern Europe. The IMF's recipes for a stabilization programme, prior to stand-by assistance, on which Dr Lopes is embarking *fonte de mieux*, is

not being tried in a faraway Latin American or Asian nation but in a country of Western Europe still struggling with structural, social and political problems of underdevelopment. Senhor Pinto Balsemão's words ought to be clear to the bankers. The communists-run General Confederation of Labour (CGTP), Portugal's most powerful trade union organization, has a confrontational mentality and without waiting to learn the details of Dr Soares's programme, began organizing the workers against what it pronounced were "rightwing economics". It said the offered truce meant only "workers capitulation".

"A Ilusão do Poder" - 1976-82 - Joaquim Aguiar, Lisbon 1983.

THE ECONOMY

The truth that must be told

In his speech at the swearing-in of his government last month the Prime Minister, Dr Mário Soares, solemnly announced that the moment of truth had come. It was no longer possible for Portugal to obtain overseas loans while the country continued to live beyond its means. The economy has been paralysed for several months and major public and private companies, employing thousands of workers, are on the verge of collapse with billions of escudos in debts. The state is unable to continue the subsidies that have kept these companies functioning artificially.

For the past few years Portugal has maintained a level of domestic expenditure in excess of its national production and this excess has been financed through external borrowing. Portugal's failure to adjust to the second oil shock in 1979 meant that its domestic expenditure in real terms during the past three years has increased by almost 15 per cent while the OECD countries' percentage stands at about 1 per cent. Money supply increased by 35 per cent in 1980 and 1981 and by about 27 per cent last year.

The average growth rate during the past three years was around 3.2 per cent. In 1981 the balance of payments deficit represented almost 11.5 per cent of gdp and last year the figure had risen to 13.5 per cent. These levels of deficit could only be maintained by borrowing. The external debt has almost doubled since its 1979 figure of \$7.27bn became \$13.46bn at the end of 1982.

On coming to power the new Socialist-Social Democrat coalition stated that many Portuguese were not yet aware of the dimensions of the crisis. It is difficult for them publicly to blame the previous management for the present situation as the Social Democrats were the majority party in the last government. Until now the effects of the crisis have mainly been felt in banking and financial circles but with the introduction of the present short-term austerity measures the whole country will share the sacrifices that these measures entail. Public awareness came quickly when, during its first week of office, the Government devalued the escudo by 12 per cent and withdrew subsidies on such essentials as bread, milk,

sugar, cereals and animal feed, so increasing prices by more than 20 per cent. Petrol prices were increased last week for the second time this year.

The Government has pledged to work "until exhausted" to carry out its economic recovery and development plan for national salvation. In the short term, this means tackling the balance-of-payments deficit and the foreign debt. Long-overdue measures taken by the last caretaker government at the beginning of the year, such as raising interest rates and a surcharge on imports, are beginning to take effect and the measures now being introduced are designed to restore international banking confidence in Portugal after seven months of political uncertainty.

Short-term borrowing problems are tempered by the fact that the debt servicing ratio is around 27 per cent and by the \$11.5bn of foreign exchange reserves (largely in gold) which the state has demonstrated its willingness to use.

The escudo devaluation was necessary not only as a deterrent to imports but more importantly to give the green light to emigrants and businessmen with vast amounts of foreign reserves outside the country due to continuous devaluation rumours. The Government has warned the population that wage increases cannot keep pace with the cost-of-living increases and that everyone must make sacrifices in order to put the economy on its feet again.

In fact, the Government has little choice in how it achieves this and negotiations with the International Monetary Fund started this month.

Also included in the 18-month short-term programme is a review of present labour laws and a freeze on all new state investment until August 31. An immediate opening-up of certain sectors of public enterprise to private investment, namely banking, insurance, cement and fertilizers, is planned. This is more a psychological step to promote confidence and definite effects, though probably far-reaching, are unlikely to be felt in the short term. Then follows a middle and long term programme of development and modernization, especially of the state industries.

continued on page 17



Dr Mário Soares: the new Prime Minister prescribes austerity

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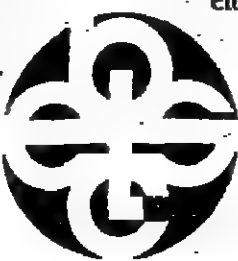
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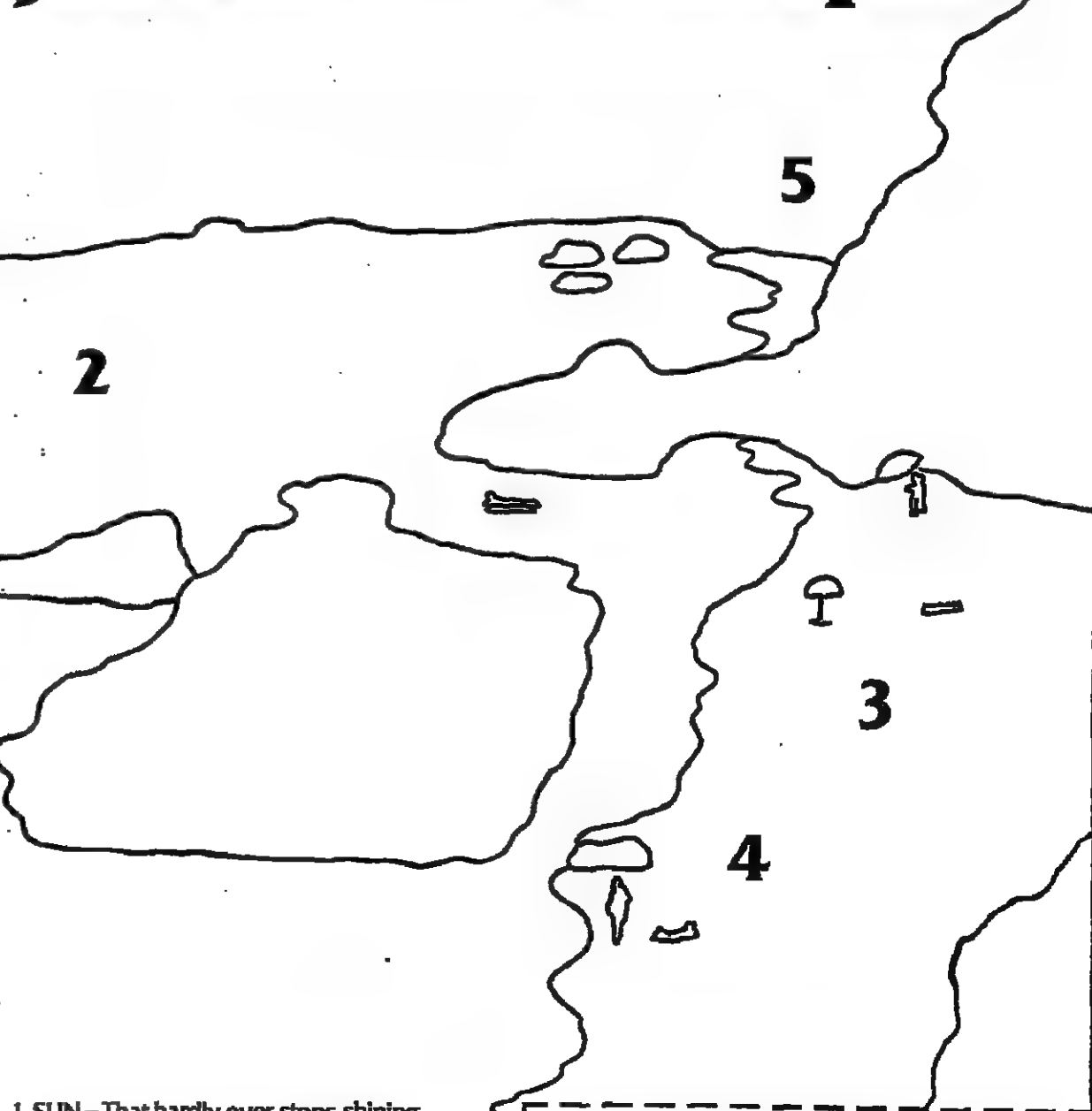


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IBERIA

The prickly neighbours



Dr Mário Soares, the new Portuguese Prime Minister, (right) and his Spanish counterpart, Señor Felipe González, at a previous meeting in Madrid: can the two Socialist leaders improve relations between their countries?

Portugal and Spain set maximum store on joining the European Community yet both persist with a barren policy, rooted in history, of turning their backs on each other. Relations between Lisbon and Madrid are at a new low.

When Senhor Jaime Gama, Portugal's new Foreign Minister, met Señor Fernando Morán, his Spanish opposite number, in Bonn last month he received a promise from the Spaniard of a fresh effort to improve relations as soon as possible.

An outsider might think an improvement the least two Socialist politicians from the Iberian Peninsula could set themselves as a goal. But national interests on both sides and folk memories could well prove stronger and defeat them. A meeting between President Eanes and King Juan Carlos has been quickly put back until some progress on the ground emerges.

A trade dispute between the two nations has been dragging on for more than a year. A fishing conflict with both fleets kept out of each other's waters has been allowed to continue six months after an existing agreement expired.

Portugal's fears of a dominat-

ing role by Spain if Madrid decides to join Nato's military organization have only been stilled because of the Socialist Government's decision to "freeze" Nato integration until after a referendum, probably in 1985.

Cultural exchanges are virtually non-existent and no market exists for private initiatives to prove the Governments have got it wrong.

From President Eanes down to the man in the street, the idea that Portugal's "big brother" might take over responsibility for the defence of the Iberian Peninsula under Nato is seen as reversing all Portuguese history since independence was achieved from Spain in the seventeenth century.

The Spaniards made things worse when preliminary talks about military integration were discreetly held before the Socialists arrived in power, by demanding a Nato command for themselves from the Canaries to the Balearics. Portugal's then foreign minister replied publicly, declaring Lisbon would have no objections if the Spanish Canaries were brought under Iberian, the Nato command based on Lisbon and headed for the first time, since last year, by a Portuguese admiral.

Señor Morán recently judged it necessary to give an assurance that Spain had no intention of constructing Portugal's Nato role. But doubts exist in Lisbon about how far the Socialist Government will go in curbing the Spanish generals' "strategic thinking".

The Portuguese desire to play a bigger role in Nato has just been stressed by the new coalition Government floating the candidacy of Senhor Yasco Futscher Pereira, the previous foreign minister, as future Nato Secretary General.

However the Nato planners may draw the command structures, a basic Portuguese resistance stems from awareness that the country stands to obtain less in military assistance from its richer Nato allies when Spain's armed forces can put in their hefty demands for modernization.

Diplomats from the richer Nato countries in Lisbon privately admit Portugal has never been generously treated, though the United States enjoys a vital Atlantic base on Lajes, in the Azores, and is now negotiating for four new mainland installations.

Portugal's trade with Spain shows a four to one imbalance in favour of Madrid. Unlike

Ireland, which prepared for EEC entry by opening up to Britain, Portugal is reluctant to negotiate with Madrid the second phase of a 1980 Efta agreement supposed to provide a framework for trade between Spain and Portugal before EEC entry, maintaining that Spanish exports have poured in. Madrid replies that Portuguese exports, textiles, paper pulp, shoes, tinned fish and wines, are uncompetitively priced or already "coals to Newcastle".

But it is the fishing dispute which really conveys the intransigence based on typically differing perceptions by the two nations.

Official "reminders" by Madrid of the importance of the Spanish market for Portuguese fishermen or of Portuguese dependence on Spanish electricity supplies, especially in times of drought, have gone down very badly.

Relations between the two countries' top fisheries negotiators have even been personally tense, with Lisbon's Secretary of State once protesting that the Spaniards were so aggressive that they wanted to come in fishing on to the Algarve beaches, right under the tourists' noses.

Richard Wigg

EX-TERRITORIES

On the road back to Africa

Portugal's foreign policy can be said to be one of the few political areas which remains relatively unaffected by continuous changes of government. Successive administrations may introduce differences in style, but basically the four cornerstones of its policy remain the same: to join the European Community, fidelity within Nato, to look after Portuguese emigrant communities' interests and care for Third World countries - especially in Africa.

Traditionally, Portugal has looked outwards in order to solve its internal problems. When Brazil gained independence in 1822, Portugal developed its African colonies. But when, following Portugal's 1974 Revolution, those colonies were granted a hasty and poorly-planned independence, not only were they left to the mercy of extreme left-wing elements, but Portugal was left with internal problems and no overseas outlets with which to solve them.

As the revolutionary dust has begun to settle in Portuguese Africa, so Portugal has set about re-forging links with its five ex-colonies of Angola, Mozambique, Guinea-Bissau, Cape Verde and São Tomé e Príncipe. The degree of success achieved

is in no small part due to the efforts of the President of Portugal, General Ramalho Eanes, whose visits to Mozambique in 1981 and to Angola in 1982, backed-up by similar visits from the then prime minister, Senhor Pinto Balsemão, set the seal on Portuguese overtures of friendship.

Both Portuguese and African economic difficulties have necessarily restricted the level of commercial cooperation, but the Africans feel at home seeking advice from people who speak the same language and know and understand their everyday problems. Improved relations have meant that Portugal can be considered a country worth consulting on questions relating to the problems of southern Africa, although the Portuguese foreign ministry prefers to play down this aspect, feeling that whatever success it may achieve in an intermediary capacity is due to the fact that it is not out to impose any particular line of thinking.

While commercial relations with the three smaller ex-colonies have continued more or less at the level of pre-independence days, in Angola and Mozambique the two years following independence brought

trading almost to a standstill, with signs of recuperation becoming evident from 1978 onwards. Portugal now has commercial agreements and lines of credit with all five countries. Several commercial ventures are under way, some of them joint-ventures with, among others, the EEC, France and Sweden as partners.

In Angola, Portugal is cooperating in the modernization and enlargement of the Cambambe Dam. Fifty per cent of the planned \$150m contract is scheduled to be paid in oil. Contracts in the tourist sector have already been signed and Portuguese tourist authorities are hopeful that they will play a major part in the development of tourism in Angola. Agriculture, transport and commerce are other areas benefiting from Portuguese cooperation. A record was established in 1981 for Portuguese trading in Angola with a trade balance of 12,902m escudos. However this was halved in 1982 due to Angola's internal difficulties.

In Mozambique, a contract is now being finalized calling for a Portuguese/French/Canadian venture to recoup the 400 miles of railway line from Nacala to Malawi. Again Portuguese cooperation is evident on

agriculture, building, commerce and transport and on the military side there are low-level plans in such areas as the provision of uniforms.

Portuguese/Mozambique relations took some time to get off the ground and a real improvement has only been seen in the past three years. As a Portuguese diplomat put it: "The more peaceful these countries are, the more they can turn their attention to being independently nationalistic. The more they feel threatened, the more they resort to idealistic rhetoric and pull back under the Marxist umbrella."

With 600,000 Portuguese in South Africa, Portugal also enjoys good formal relations with that country. Maintaining good relations there is considered imperative if Portugal is to assist in any way in southern African negotiations.

After 500 years of being in Africa, many Portuguese feel so close to their ex-colonies that they welcome a chance to work there again, not just for commercial reasons but they are aware of Portugal's financial limitations, but also because they still desire to be part of African development.

Susan MacDonald

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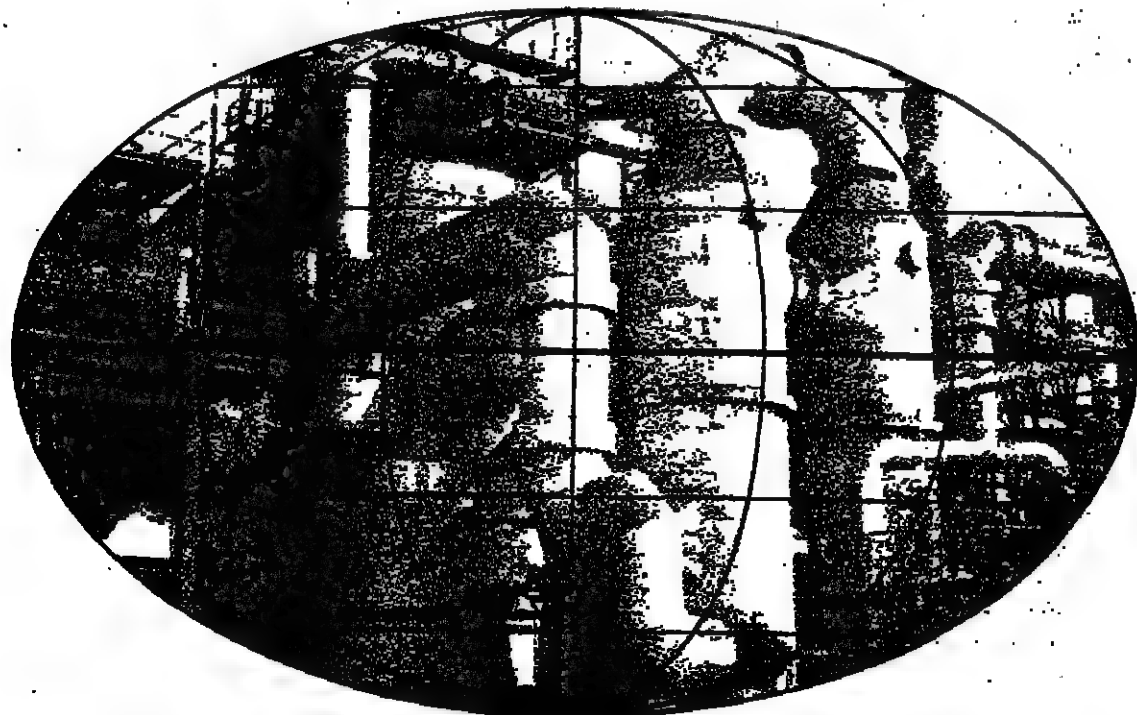
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PORTUGAL

THE TIMES THURSDAY JULY 14 1983

AGRICULTURE

Getting away from medieval methods

This year Portugal will import over half of its food; 20 years ago it was self-sufficient and agricultural exports then covered 100 per cent of agricultural imports. Today exports cover only 27 per cent.

There are many reasons for this. Despite Portugal's green and pleasant look, only 27 per cent of its land is good for farming. In addition, it suffers from backward costs, emigration and nearly a decade of unstable governments with conflicting agricultural policies. The agricultural growth rate has been negative since 1970.

When domestic demand rose sharply because of large wage increases after the 1974 Revolution, a surge of emigrant remittances and an increase in the consumer market by a million refugees from Portugal's former African territories, the country's stagnating agriculture was unable to meet the demand.

It cannot, either, meet the demands which will be put on it if Portugal enters the European Economic Community. The new Socialist-led Government is determined to enter in spite of the fact that the country's agricultural sector is among the least productive in Europe. The Government has an ambitious programme for transforming the medieval structure of agriculture. It promises to support "viable agricultural enterprises" - preferably large, privately owned ones - and farmers' associations. Among a host of other things, the programme promises to create land banks for farmers, revise the rural rent law, bring prices progressively up to EEC levels, install a system of collecting, storing and distributing products and pass a new law to change direction in agriculture.

Unless dramatic changes are made, Portugal's non-competitive agriculture will be threatened by products from the EEC. For example, its olive oil industry could be virtually wiped out by a flood of cheap vegetable oil from the Community. To avoid this, talks are at present being held on a proposal for a transition period of from four to 10 years for sensitive agricultural products.

Senhor Severino Pinto, of the planning department of the Ministry of Agriculture, said: "Some people believe that joining the EEC will force us to evolve, but the impact will be negative if we don't react".

Portuguese products, on the other hand, pose no threat to the EEC. Even though Portugal is the fifth largest wine producer in the world, its production would amount to only 5 per cent of the total wine production in a Community of 12. Its exports of tomatoes, almonds and onions are minimal. Portuguese negotiators point out these facts to the EEC in support of their claim that Portugal should be allowed to enter on different terms from those applying to Spain, whose products do present a threat.

Several projects are under way to improve agriculture, and some changes are evident. Electricity now reaches many remote areas. Farmers are being encouraged to form cooperatives. An agricultural college, sponsored by Britain, the United States, Norway, and Holland to prepare agricultural technicians, now has 600 students. Production in the north of the country has slightly improved through the use of better seeds, hybrid corn, fertilizers and limestone to neutralize acid soil.

Although young people still tend to leave the land, young farmers are tentatively returning, encouraged by better conditions, a lack of jobs in the cities, and prospects of eventual emigration.

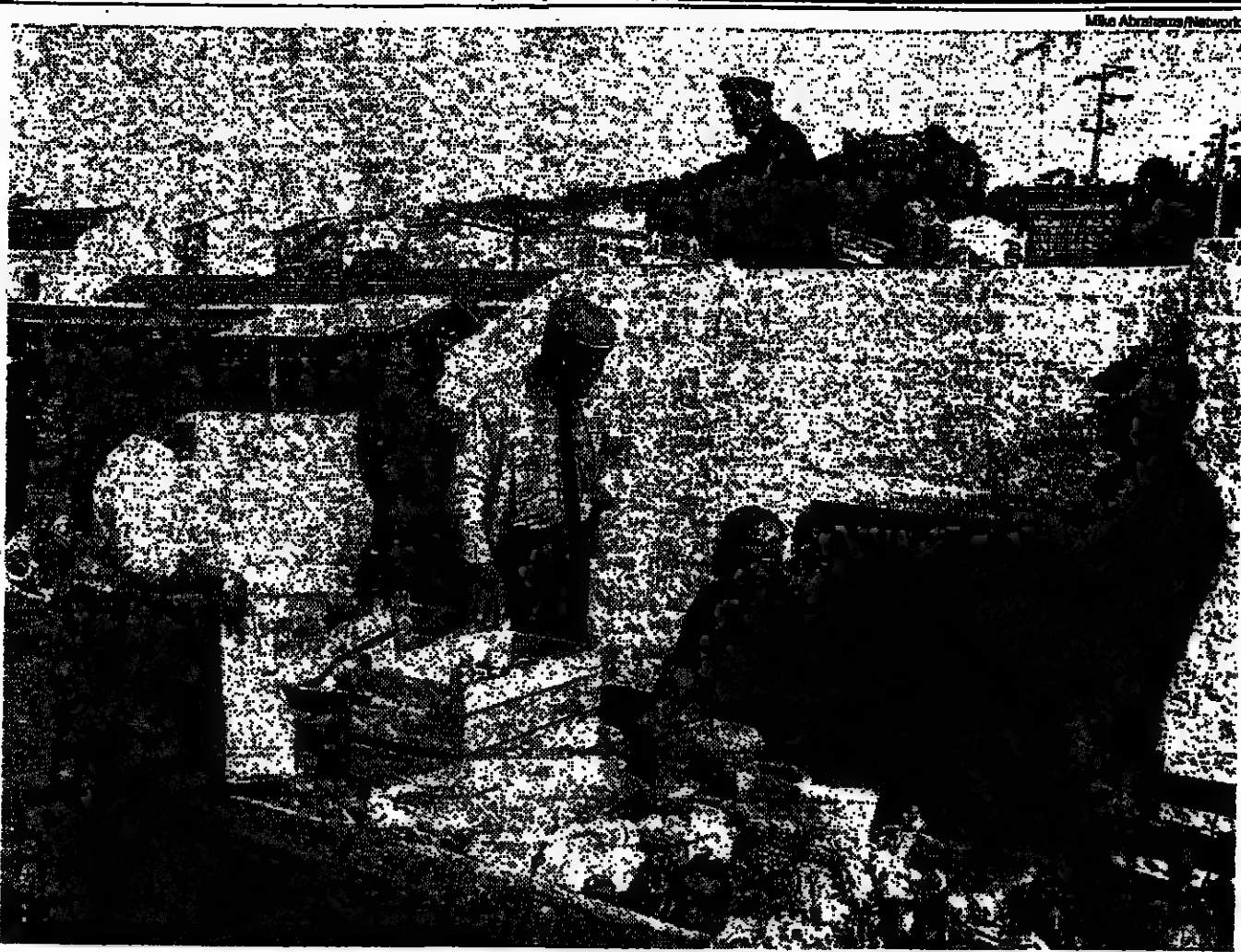
The north of Portugal has a five-year regional development plan backed by \$51m from the World Bank and an equal amount from the Portuguese Government. Its purpose is to improve and expand port wine production, provide more irrigated land and more pasture for cattle and plan crop rotation. A second project backed by the World Bank is aimed at improving forestry all over the country. A third project, sponsored by the EEC, aims to prepare the wine and milk industries for accession by implementing the RICA accounting system required for EEC membership.

Loans from the European Investment Bank and credit from Dutch and German institutions are also being negotiated. The United States is financing a project to correct acidity in the soil and British consultants are being called in to study the possibilities of the Douro river basin. The latter project is being financed jointly by the British and Portuguese Governments.

Northern Portugal is mountainous and the farms are small - 50 per cent have less than two hectares. One farmer may own a number of isolated plots scattered about the countryside. Farmers cling to traditional methods and are reluctant to cooperate with each other. Only the wine and dairy farmers have marketing associations.

Although emigrants have poured back enormous sums of money, it has not gone into productive investment. "First they put their money into building a big house, then they put it into more land to gain status", Professor Luis Valente de Oliveira, who is in charge of development in the north, says.

In the south, particularly in the Alentejo, the land is flat, dry and arid, and the soil is poor. Before the 1974 Revolution, there were vast estates, mostly underfarmed, belonging to absentee landlords. Many families of seasonal workers squatted on the land in abject poverty. After the Revolution, the Communist Party led them in taking over more than one million hectares of land to form



Street market in Nazareth, the fishing village and resort in central Portugal: without dramatic changes, the country's non-competitive agriculture would be threatened by Common Market membership

Facing the truth

continued from page 15

The nationalized sector had suffered from piecemeal management and over-staffing since the nationalization programme after the 1974 Revolution. The consequences of this policy have brought state industries such as Air Portugal and the shipping firms of Lisnave and Setenave to the verge of bankruptcy. Lisnave has suffered a series of communist-backed strikes which have all but crippled the company and resulted in the non-payment of workers' salaries. The civil construction industry, too, has declared itself on the edge of collapse and blamed among others the thriving clandestine building developers in Portugal. Corruption and moonlighting are part of everyday life. It is estimated that the parallel economy accounts for about 20 per cent of domestic production, with contraband being one of the foremost activities. Absenteeism is another blight on productivity and one which the Government declares itself determined to combat.

The future for Portuguese industry lies in its ability to adapt to the competitiveness of European integration. Over the last 18 months some industries, such as the important textile sector, have begun to realize the economic consequences of joining the EEC and first steps are being taken to modernize and streamline production.

One of the only rays of sunlight in an otherwise gloomy panorama is the pyrites exploration taking place in the Alentejo region by the firm of Somincor.

Somincor, with a 51 per cent interest held by a Portuguese state company, and 34.5 per cent held by each of two French companies was formed in 1980, after the discovery of high grade copper ore. Extraction from the Neves-Corvo mine should begin in 1986, with a projected yearly average of a million tonnes of copper ore.

It is, as yet, unclear whether the smelting plant planned at the Sines industrial complex will be completed in time to treat the first copper concentrates, but if not, they will be exported for smelting. Lloyds Bank International is handling the international financing of this important \$200m project. Present domestic imported copper consumption will account for only a third of the mine's final output. Other companies, including British ones, are prospecting in the area, but so far with no definite results.

TOURISM

Putting hotels in the right places

The tourist industry in Portugal accounts for about 5 per cent of gross national product. According to provisional Bank of Portugal figures, tourist receipts in 1982 amounted to 69,758m escudos. In recognition of this, the new Minister of Commerce and Tourism has acknowledged the economic importance of the industry and his intention to treat its problems accordingly.

Despite tourism's economic role and its importance in providing employment, it has suffered from a lack of central and co-ordinated regional planning which has resulted in a mushroom construction of hotels and holiday homes in a few main tourist areas while, until now, the rest of the country has been poorly equipped.

There are about 300 hotels in the whole of Portugal, of which about 60 per cent are concentrated in the four towns of Lisbon, Faro in the south, and Porto and Braga in the north. In some parts of the Algarve in particular, haphazard speculative building has not been accompanied by a similar growth in infrastructure, with the result that de-luxe hotels can be seen functioning in the middle of a wasteland.

Lack of access roads and amenities can be coupled with another more serious shortage - that of water. Dry winters over the past few years have caused serious scarcity during the summer. Plans to construct two more dams on the western and eastern side of the Algarve will go only part of the way to solving the problem.

Over-speculation has meant that tourist units begun eight to ten years ago still remain unfinished. Some hotels have been changed while under construction into private apartment blocks to avoid being recognized by the tourist authorities and therefore subject to

taxes. If a private citizen then rents his apartment for tourist purposes, it does not necessarily come under official control.

This not only stunts the growth of the official tourist industry but also makes possible situations such as the deaths of five British holiday-makers in the Algarve last winter, as a result of faulty gas installations. After considerable bumbling when the facts were known, the authorities then undertook the mammoth task of inspecting the gas installations of all 6,000 officially recognized holiday homes, although they have no authority to inspect the others. Every one of the installations examined was in some way sub-standard.

A certificate is being issued to all units whose gas installations are up to standard, and the authorities suggest that both travel agencies and tourists ask to see these certificates when renting accommodation. Officially, it is said that not only have the deaths not affected the number of British visitors to the Algarve this year, but that the figure has increased. However, reputable travel agencies admit that the figure has dropped considerably because of the initial failure of the Portuguese authorities to demonstrate their willingness to put tourists' minds at rest.

The other main tourist area on the mainland embraces Estoril and Cascais on the outskirts of Lisbon. Its role as a summer resort is in conflict with its role as a Lisbon dormitory town. Both the connecting railway line and road which run along the attractive coastline are congested in the rush hour, and a lack of pedestrian crossings on the road in some places make reaching the beach dangerous.

Again, shortage of water and sea pollution are problems to be overcome. Around the headland north of Cascais stretch miles of beautiful beaches and unspoilt scenery but the winds off the Atlantic account for the lack of tourist development in this area.

Two of the most beautiful tourist attractions in Portugal are the islands of Madeira and the Azores. Madeira is the more touristically developed, thanks to its position nearer the mainland, but the Azores, well-known to Atlantic sailors, are starting to be developed despite their tendency to seismic activity.

Susan MacDonald

SM

Martha de la Cal

PORTUGAL AND THE EUROPEAN COMMUNITIES

PORTUGAL has always been an active partner in European economic integration. She was a founding member of EFTA; with the first enlargement of the Community and owing to the importance of the British market to Portuguese external trade, Portugal, as well as the other nonapplicable EFTA countries, concluded on 23 July 1972 a bilateral Free Trade Agreement with the EEC. The purpose of these agreements was the establishment of a free trade area for manufactured products, for the period 1978/77, thus preventing liberalization from progressing.

The setting up of a democratic system in Portugal in 1974 was accompanied by the tightening of the existing links with the EEC, our major trade partner (see Table). Besides this, the Community decided to grant aid to Portugal in the form of:

- an emergency exceptional financial aid (decided on 10 October 1975), the EIB having made available to Portugal credits to the amount of ECU 150 million, with subsidised interest, for the financing of infrastructure and agricultural projects in 1976 and 1977;
- an Additional Protocol to the Free Trade Agreement of 1972 and a Financial Protocol both signed in Brussels in September 1976. In the Additional Protocol, the Community, in order to facilitate Portuguese exports, made additional tariff concessions in the industrial and agricultural fields, and Portugal was authorized to reintroduce certain customs duties so as to further protect her most vulnerable industries. The Financial Protocol included an ECU 200 million aid in the form of EIB loans, scheduled over a period of five years (150 million at subsidised interest) to finance investment projects intended to increase industrial productivity and improve infrastructure.

As the Paris and Rome Treaties expressly provide that the other European States which share the ideals of EEC member-countries may accede to it, Portugal, on March 22, 1977, submitted its request for full membership in the EEC, a political choice which reflected the concern for consolidation of the Portuguese democracy. The several institutions of the Community issued their favourable opinion to our accession and decided to grant aid in support of the economic restructuring of Portugal through:

TRADE FLOWS BETWEEN PORTUGAL AND THE EUROPEAN COMMUNITIES

Years	Exports		Imports	
	Million US\$	% of Total Exports	Million US\$	% of Total Imports
1970	395.9	41.6	756.2	46.3
1974	1,097.6	48.2	2,023.1	43.5
1978	1,368.6	56.6	2,402.7	45.9
1979	1,995.2	57.3	2,731.7	42.5
1980	2,546.9	54.9	3,686.6	39.5
1981	2,229.0	53.8	8,716.3	36.1
1982	2,694.1	57.2	4,325.7	40.7

Sources: IMF, Direction of Trade Statistics.

- a Supplementary Protocol to the Free Trade Agreement (signed on 19 December 1979) which contemplates measures to protect the Portuguese industry and an easier access to the EEC of some domestic products;

- the accelerated implementation of the Financial Protocol (decided on 15 January 1980) with a two-year reduction in the period initially established for the utilization of the overall amount;

- a pre-accession aid to support the country's integration (signed on December 13, 1980) to the amount of ECU 275 million, of which 150 million in the form of an EIB loan (125 million with subsidised interest) and 125 million in the form of nonrepayable aid, out of the Community Budget.

The negotiations for Portugal's accession to the EEC formally started on 17 October 1978. In the first ministerial meeting, it was agreed that the negotiations would continue on the basis of the acceptance by Portugal of the "acquis communautaire" and consequently that the adjustment problems on both sides would be solved by transitional measures.

The negotiations began to bear the desired results in 1982, a preliminary consensus having been reached on 22 February on 5 Chapters: Capital Movements, Exports, Transports, Economic and Financial Matters and Regional Policy. On 21 June agreement was reached on three major issues included in the 2nd package, with the definition of the transitional periods for VAT, the Foreign Direct Investment system, and tariff dismantling in the industrial sector. In September, five major files were almost entirely closed - Customs Union, ECSC, External Relations, Tax Provisions and Right of Establishment - and the negotiations advanced to the third stage. Thus, the remaining issues are institutional and legislative matters and the chapters on Social Affairs, Budget Affairs, Agriculture and Fisheries, the last two directly connected with the process of internal reform which the Ten have been discussing for quite a long while; as far as Agriculture, agreement among the Ten has still to be reached.

The setting up of a concrete timing for Portugal's integration in the EEC would be of major importance, even if a few transitional periods were considered. As a matter of fact, a precise time-table for accession would reinforce general confidence and stability, thus providing an additional stimulus to Portuguese businessmen in their efforts towards modernization. Under these circumstances, it is clear that a minimum consensus among the Ten on the future organization of the Community Budget and of CAP is of crucial importance for Portugal.

The largest contribution of Portugal's accession to the EEC shall be the strengthening of its role worldwide, due to Portugal's policy of openness to foreign countries and to its historical relations with countries in Africa, Latin America and the Far East.

The major consequences for Portugal of its full membership in the Common Market are, on the one hand, the defence against protectionism, which in recent years has been adversely affecting national exports, and, on the other hand, the financial aid that the EEC may grant and which will become the catalyst for the modernization of productive structures. Of course this last aspect heavily depends upon the existence of viable projects, a prerequisite to take full advantage of Community funds; Portuguese authorities are well aware of the efforts to be made on this matter.

However, substantial changes are required for the accession to have the positive results we are aiming at: these changes should be made as soon as possible. That is an area in which foreign investment will have an important role to play. The integration of Portugal in the most free trade area of the world will also be an incentive for foreigners to invest in Portugal, a country with skilled workers and where labour costs are comparatively favourable.

BANCO DE PORTUGAL
Research and Statistics Department

Investment and Finance

City Editor
Anthony Hilton

THE TIMES

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STOCK EXCHANGES

FT Index: 676.9 down 5.2
 FT 100: 60.00 up 0.03
 FT All Shares: Datastream's estimate was 431.0 down 0.97
 Bargains: 19.030
 Datastream USM Leaders Index: 93.60 down 0.21

New York: Dow Jones Average (latest) 1193.91 down 4.61
 Tokyo: Nikkei Dow Jones Index 8883.60 down 53.61
 Hongkong: Hang Seng Index 1026.55 down 0.56
 Amsterdam: Index 143.8 down 2.4
 Frankfurt: Commerzbank Index 955.80 down 9.6
 Sydney: A O Index 821.8 up 1.5
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Profit hope for Ratners

Ratners, the jewelry chain, suffered a pre-tax loss of £350,000 for the year to April 6, against a profit of £891,000 for the previous 12 months. But the loss for the whole year shows a substantial improvement on the £1.1m setback for the first half, and a profit is forecast for 1983-84.

Trading has gained momentum since Christmas and continued to be strong in the first months of the present financial year. So the board is recommending that the final dividend be held at 2.33 gross making 3.33p gross, also the same, for the year.

After tax, losses were reduced to £325,000 after an extraordinary gain of £108,000 from property disposals, and Ratners managed to restrict the increase in overheads to 6 per cent. Total sales were marginally up at £25.9m.

POSGATE SUSPENSION: Lloyd's of London said yesterday that a sub-committee of the council of Lloyd's had decided to issue to Mr Ian Posgate a further direction of administrative suspension. The further period of administrative suspension will be for five months and will be effective from July 26, when the existing direction expires.

BUNZL TERMS: Following exchange of contracts Bunzl, the packaging, paper, filters and distribution group, yesterday issued a letter to shareholders outlining the terms of the proposed acquisition of the packaging consultants, Inc/Mac-Pak Group of companies, announced on May 11.

AIRLINES DISPUTE: Government intervention in the transatlantic dispute over a £600m American lawsuit against world airlines including British Airways and British Caledonian will be challenged in the Court of Appeal.

Privatization success maintains impressive growth record

Cable and Wireless beats all City forecasts with 76% climb in profits

By Wayne Lintott

Cable and Wireless, one of the Government's first major privatization sales in 1981, has maintained its impressive growth record by easily beating the best of the City's profit forecasts for its full year figures.

The company reported pretax profits soaring by 76 per cent to £157m for the year ended March, 1983, against £89m the year before. A one-for-two scrip issue is an added bonus for shareholders who also receive a final dividend of 5p making a total of 8.2p for the year, up from 6.6p the year before.

The Government still owns 50 per cent of the issued capital, plus one ordinary share, and has stated its intention to maintain its majority shareholding. On the issued capital, the Government stands to net

around £10m on the dividend payment.

With 270m shares issued - the Government supports the board - Cable & Wireless could become a prime contender for any Government sell-off of private assets to help bring the Government's spending and borrowing requirement back under control.

Mr Ernest Potter, finance director, said he was not surprised that analysts had failed to come anywhere near the Cable's profit performance. The highly complex nature of the business made it extremely unlikely that they would ever be able to predict the outcome accurately.

Mr Eric Sharp, chairman, did sound one note of warning: "The profits for the current year



Sharp: sounded one note of warning on present year's figures

will not be significantly different from those reported."

The fall in the value of the pound played a significant part in the overall figures. Had profits been translated into

sterling at last year's higher exchange rate, pretax profits would have been £11m lower.

But Mr Sharp did dismiss City claims that much of this year's profit derived from gains made on the company's £700m cash holding.

He said that far too much importance had been placed on the cash holdings. That amount had not grown over the year and much more was earned on trade than was earned by interest payments. "And anyway," said Mr Potter, "the City is mistaken in its belief that money was all on deposit. Much of it had been used in the company's leasing agreements and working capital requirements."

The increase in profits, Mr Potter added, was a direct result of the reorganization of the last two years which placed greater

profit responsibility on area managers.

Mr Sharp was emphatic that the talks between the unofficial cabinet of Hongkong and the British Prime Minister would not exercise an influence over the company's increasing exposure to Far East trade.

The People's Republic of China already owned 51 per cent of the new company which would be handling the communications of the major oil companies exploring in Chinese waters.

Mr Sharp added that the annual report, to be issued on April 9, 1984, would deal with several points not covered in this statement.

C&W shares jumped 27p to 424p a share, which means the Government could raise £375m if it chose to sell its holding.

Latest gilt tranches likely to appeal

By Peter Wilson-Smith, Banking Correspondent

The Bank of England took advantage of another stable day in the gilt market to announce two tranches of existing Government stock. The tranches, £300m of 10% per cent Exchequer 1997 and £200m of 11% per cent Treasury 2001-2004 will be available from tomorrow but will not be operated as a stocks.

The City has been waiting nervously for a resumption of gilt sales in the belief that the Government has fallen well behind in its funding programme. In Tuesday, the remains of the 2% per cent index-linked convertible 1999 were sold out after the Government broker cut the price, but dealers reported heavy switching out of other stocks.

However there was some optimism yesterday that the two latest tranches would break the logjam and would be well received.

For the first time since November 1981, the Government is making a conventional issue maturing beyond 2000, and this is expected to appeal to long-term funds.

"The Government has clearly recognized that there is an

appetite for longer dated stock and done a tiny bit to fulfil it," one dealer said yesterday.

After Tuesday's rally, the gilt market recovered earlier small losses yesterday and in quiet trading ended the day with values of about 2 1/4 at the long end of the market and short-dated stocks unchanged or marginally easier.

By making the new tranches available from tomorrow the authorities will be hoping to soak up funds from the non-bank private sector before the end of the banking month next Wednesday. This would help to take some of the steam out of money supply growth which has been running well above government targets.

For some time the Government has been steering clear of the long end of the bond market in an attempt to encourage the corporate sector to use the fixed interest debenture market and because it did not want to issue high-yielding, long-dated stock when inflation was expected to stay low.

However, the City still believes that the Government may be forced to make further issues of long-dated stock if it is to satisfy its funding needs.

Argentina to clear interest arrears

Buenos Aires, (Reuters) - Argentina will pay interest arrears for May which have accrued on its public sector external debt with the final \$300m (£197m) tranche of a \$1.1bn bridging loan from creditor banks, according to government sources.

Interest on the public sector external debt has been paid to the end of April, and June payments are also up to date. But those for May are still outstanding.

Bankers said this could be Argentina's way of tidying its account while impressing creditors of the need for fresh funds. The sources declined to say how much the interest arrears

for May amounted to, but they said that their payment with the final tranche of the bridging loan was in accordance with an agreement between Argentina and an advisory committee of creditor banks.

Disbursement of the \$300m has been held up because banks originally wanted Argentina to clear public debt interest arrears before receiving the money.

A three-year refinancing of overdue trade debts was signed by 25 international banks yesterday, Barclays Bank International announced. The banks are refinancing about \$1.6bn arrears on letters of credit. The loan is repayable monthly starting next January.

WALL STREET

Stocks drift lower

New York (AP-Dow Jones) Stocks continued their gradual decline yesterday in sluggish trading.

The Dow Jones industrial average was down about 4 1/2 points to 1,193 in early trading. Declines were 5-to-25 over advances. Mr Keith F. Pinos, research director at Underwood Newhaus & Co, expected sloppy market for a while longer. "The 1,180 support-level in the Dow may not hold. But we have already seen significant corrections in the high technology and more volatile issues so I would be surprised to get a general correction here," he said.

International Business Ma-

chines was unchanged at 120 5/8; American Telephone & Telegraph 62 1/2, up 1/8; General Motors 70 1/4, up 1/4; American Express 66 1/8, down 3/8; Allegheny 84 3/8, up 1/8; Honeywell 110, down 1/8; Massonite 44 1/4, down 1/4; Amerasia 63 3/8, down 3/8; Data General 63 3/8, up 1/8; Digital Equipment 114 1/2, down 1/8; Baxter Travenol 57 1/4, down 7/8 and March 57 1/4, down 1 1/2.

Tandy was up 3/4 to 46 7/8; Superior Oil up 1/8 at 37 1/8; St. Regis Paper up 7/8 at 27 5/8; Texas Instruments up 1/2 to 123 3/4; Aydin Down 1 7/8 to 55 1/8; General Electric down 1/4 at 52 1/4 and CPC International down 5/8 at 37.

In recent months, the Government has also raised some taxes, lifted the price of petrol 45 per cent and devalued the country's currency by 23 per cent to encourage exports.

The country has a foreign debt estimated at \$90bn.

Brazil confident of extension

Brasilia (AP-Dow Jones)

The Brazilian Government's three top economic leaders met yesterday with bankers from the International Monetary Fund to iron out differences and come up with a compromise to release a \$411m loan.

The meetings took on extra weight this week when the Bank for International Settlements said it would not extend Brazil's Friday deadline to repay \$400m. The government has refused to comment on its plans for repayment or elaborate on the substance of the talks.

The IMF money, which was due at the end of May, was postponed because of Brazil's failure to follow the agreed economic outline. Inflation, now running at about 127 per cent, is almost 40 points higher than promised. Public sector over-spending was \$1bn for the first quarter of this year.

The BIS loan was extended until the end of June after the IMF delayed the \$411m loan. It again gave Brazil another 15 days. But the BIS said on Monday that it would not extend its repayment time.

Despite Dr Fritz Lenz, president of the BIS, saying that Brazil would not get another extension, Senator Eraldo Galvao, Brazil's finance minister, said yesterday in Caracas that he was expecting a favorable decision from the BIS. He said he was waiting for the BIS to meet - but it does not meet until September.

And sources close to the BIS said it was highly unlikely that Dr Lenz would have taken a hardline position against Brazil without the full assent of his board.

Monetary sources noted, however, that the central bank's involvement in making high-level BIS decisions such as an extension of a loan to Brazil, are his regular contacts with each other and that a decision could probably be reached quickly outside the confines of the regular board meeting.

If Brazil does not come up with the money, there would not be a "moratorium" or "default". A moratorium would have to be declared by Brazil, and default is an action by the lender.

Brazil has been hit by strikes in protest against government measures and by severe rain storms in the South that threaten billions of dollars in losses to crops. The strikes were sparked by state-run oil refinery workers who said that the Government's plans to cut public sector spending would lead to job lay-offs.

The plans call for salary cuts and reductions of benefits, but does not apply to any of the thousands of workers employed by the Government. The workers reasoned that the companies would fire veterans and employ new workers. The average worker earns less than \$150 a month.

In recent months, the Government has also raised some taxes, lifted the price of petrol 45 per cent and devalued the country's currency by 23 per cent to encourage exports.

The country has a foreign debt estimated at \$90bn.

International Signal in new rights issue

By Philip Robinson

International Signal & Control Group, the American-based electronics weapons company, yesterday asked London investors for more cash. It is the group's second big fund-raising exercise in less than a year.

Since International Signal came to the London market last October, it has raised £76.25m, from non-American investors. Americans are barred from owning the shares.

When the group came to market, it raised £30m via an offer for sale. Now it is raising £43.5m, partly to buy a US-based defence company and partly to pay off four directors and two shareholders who took on \$20m worth of debt before International Signal went public.

The company is first giving shareholders one free share for one already owned and then offering 34.6 million new shares for sale to the public at a minimum tender price of 125p. Of those shares, 10 million are being bought from the directors and shareholders who took on past debt.

The remaining shares will be sold to finance the £28.4m purchase of the Marquardt Company, a California-based weapons group, whose largest customer is the US Defence Department.

IN BRIEF

ANGUSTUS OFFERS: Offers were already coming in yesterday for parts, or all of Augustus Barnett, the 340-branch winchop chain which collapsed on Monday when directors requested National Westminster Bank to appoint a receiver. A full statement on debts has yet to emerge from the directors.

TRAFALGAR MOVE: Mr Nigel Brookes, chairman of Trafalgar House, said the company intended to pursue the acquisition of peninsular and Oriental Steam Navigation Co. (P&O) "with vigour". He reiterated Trafalgar's view that a merger would benefit both companies.

STORE SHAKEUP: S and U Stores, Birmingham-based consumer credit group, is asking shareholders to approve a capital reorganization which will allow it to waive arrears of dividends payable to holders of its preferred ordinary shares of £855.203. The directors say the company's progress is being handicapped by these contingencies and that repayment of loans by directors to the company and the dividend arrears would seriously weaken the group.

OVER SUBSCRIBERS: New issue DPCE Holdings, the Wokingham-based computer maintenance company, announced that its offer of 3,869,000 5p shares - about a third of the capital - was oversubscribed 2.7 times at the striking price of 200p. The employees took up their full allocation of 101,554 shares subscribing over £200,000 in new capital.

Marquardt had sales of \$65.8m (£43m) for the year to the end of last April on which it made pretax profits of \$5.3m (£3.4m).

Its acquisition will mean that the geographical sales of International Signal will be balanced about 50/50 between the US and the rest of the world.

International Signal came to London for its share quote rather than New York because the American disclosure requirements would demand it name its customers in the Middle East, Africa and South America.

Marquardt is at present a subsidiary of CCI, an Oklahoma-based trucking company. When the deal goes through, Mr Ken Woodgriff, Marquardt's president and chief executive officer, will sign a five-year contract with Marquardt.

International Signal is not making a profit forecast as an expression of confidence in connection with the tender offer, but says that orders are at record levels and profits and dividend will be higher this year.

For the year to the end of March, 1983, pretax profits were \$15m, about \$1m above those forecast at the time of the first offer for sale. The figure compares with a \$3.3m profit for 1982.

Magnet chief predicts upturn

Demand for building products is going from strength to strength, according to Mr Sam Oxford, chairman of Magnet and Southern, the timber group.

Since the beginning of May, the sales volume of the joinery products group, had risen by 14 per cent, Mr Oxford said. "Things are considerably better than a year ago. We have spent a lot of money getting ourselves ready to cope with such a sharp upturn and we may well now be on the threshold of such a scene."

Mr Oxford was reporting figures for the year to the end of March, which shows that the group exceeded the forecast of pre-tax profits of not less than

Magnet and Southern
 Year to 31.3.83
 Pretax profit £24.69m (£19.1m)
 Stated earnings 9.8p (7.4p)
 Turnover £161.59m (£136.38m)
 Net final dividend 2.5p (3.3p)
 Share price 156p down 10p Yield 3.6%

£24m made at the time of the £27m rights issue in February. Profit rose from £19.1m to £24.69m on sales up by 19 per cent to £161.59m. The group cites the upturn in housing starts, completions and refurbishment work as the main reason for buoyant trading. The branch network, which already this year has been expanded by nine with a further 15 planned before the end of next March, has also boosted trade.

"Providing there is no catastrophic round the corner our prospects for this year and for the future are very good," added Mr Oxford. However, in the stock market, which has grown used to buoyant results from companies in the building materials sector, Magnet and Southern shares fell 10p.

The company is to have a new factory for timber components and roof trusses and has also taken an increase in production kitchen units. A site has been secured for a factory to glass tempering plant commitments on these and the branch opening programme amount to £20m.

This announcement appears as a matter of record only.

\$85,000,000

Lignite Mine Project Financing For
The Dolet Hills Mining Venture

a partnership of



Costain Mining (Dolet Hills) Inc.

Costain Australia Mining Pty. Ltd.

Mansfield Mining Company

a wholly-owned subsidiary of

J. A. Jones Construction Company

Funds Provided By

Continental Illinois National Bank

and Trust Company of Chicago

Barclays Bank International Limited

Morgan Guaranty Trust Company

Agent



CONTINENTAL BANK

Continental Illinois National Bank

and Trust Company of Chicago

June 1983

'Constructive' discussions sufficient to help index's recovery

Hongkong talks boost Hang Seng

By John Lawless

The second day of talks in Peking on the future of Hongkong were described as "useful and constructive" yesterday, and were sufficient to recover a first hour's trading loss of eight points on the Hang Seng index.

It finished just 0.56 off at 1026.55. Combined turnover for the regular half-day session was high at HK\$126.5m against HK\$120.2m for Tuesday's full day.

In the absence of developments - unlikely, given that the talks have been adjourned until July 25 - Hongkong brokers say the market will stay near current levels.

It was left to analysts overseas to take a more dispassionate, longer view - and, in London, optimism was obviously growing.

"Three or four weeks ago, everybody was looking for bad

news," said Mr Chris Langley of stockbrokers Greaveson Grant, "and exaggerating it. Hence the market has been sluggish. Now it had turned right round. People are looking on the positive side."

Early in the year, lack of confidence had sent local money into foreign currency accounts. Manufacturers had not been repatriating cash earned overseas.

This caused the HK dollar to slide to \$8.80 against the US dollar. "Although it had been slightly better, it is now back around 7.17," said Mr Langley. "The whole atmosphere is totally different. A lot of business in Hongkong is investing."

Significantly, textiles shares have been performing well - in anticipation of increased orders from an improving world

economy. In the old boom days, second-line property companies would have been next to shift upwards. "And the better ones, those not riddled with debt, have been performing quite well," Mr Langley added.

London institutions have been investing in safe stocks: manufacturers and utilities. But the market has been fuelled more recently by American funds. The most encouraging sign of all is the renewed flow of local funds," he said.

The absence of a significant political statement in the next couple of months could see the market losing 100 points. "If we do get one, though, it could get to go up 200," he concluded.

Most brokers agree that, unless the talks founder badly, Hongkong stocks now look a good buy.

"I am a roaring bull," said Mr Toby Heale, partner in James Capel, and that broker's South-East Asia specialist.

But he added the warning: "When the market goes, it will go with a whoosh. One corporate deal will break the log-jam, and once the money-go-round starts, the whole sector will take off."

"A lot hangs on industrial recovery," said Mr Heale, "and here Hongkong is very strong. Firms have orders in hand through to April, 1984 - just like Jaguar in the UK."

Although political pundits have been predicting that a definitive statement of Hongkong's future might be 18 months or two years off, most stock market specialists are now confident that it will be made before the middle of next year.

Standard Chartered Bank names director

Standard Chartered Bank: Mr James Loudon has been appointed to the board. Satellite Television: Mr Patrick Cox has been appointed managing director from September. Mr Cox has been executive vice-chairman of Radio Luxembourg (London) since May 1980. He joined the Radio Television Luxembourg group in Paris in 1978 and moved to London in 1981. Morgan Grenfell & Co: Messrs P. I. Espenbahr, M. E. Joldesley, M. P. Knight, P. B. Polonietz, R. M. J. Taylor and R. H. Westcott have joined the board. These appointments have also been made to the boards of its subsidiary companies: Messrs C. J. Knight, R. N. Thayer and J. M. Short to Morgan Grenfell Finance; Mr F. I. Carrington to Morgan Grenfell International; and Messrs A. J. Brown and A. M. Wheatley to Morgan Grenfell Investments.

APPOINTMENTS

Amalgamated Metal Corporation: Mr T. Graham Lock has been made chief executive. William Faber & Dumas: Mr D. G. Shaw has become a director and deputy chairman - international division. Associated British Ports: Mr David Cooper has been appointed deputy director of research. Oyle Products International: Mr Allan Castle has joined the Board as financial director. TSL Thermal Syndicate: Mr Bent Henriksen has joined as group managing director. McKinsey & Company: Mr Kevin Jones has been elected a principal in the London office. Gratie Barrett & Wright: Mr Martin Gratie has been appointed chairman of the newly formed company and Mr Chris Sneath managing director.

NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALERS IN THE STOCKS ON A STOCK EXCHANGE ARE EXPECTED TO COMMISSION ON PRIMA, 10th JULY 1983.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 13th July 1983, and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below:

300 million 10½ per cent EXCHEQUER STOCK, 1997
200 million 11½ per cent TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 13th July 1983 as certified by the Government Broker.

In each case, the amount issued on 13th July 1983 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that stock and subject to the terms and conditions of the prospectus for that stock, save as to the particulars therein relating to the amount of the issue, the price payable, the method of issue and the first interest payment. Copies of the prospectuses for the Stocks listed above, dated 14th October 1977 and 18th May 1979 respectively may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Application has been made to the Council of the Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption date	Interest payment dates
10½ per cent Exchequer Stock, 1997	21st February 1997	21st February 21st August
11½ per cent Treasury Stock, 2001-2004	19th March 2004, or at any time after 19th March 2001 subject to not less than three months' notice.	19th March 19th September

The further tranche of 11½ per cent Treasury Stock, 2001-2004 will rank for a full six months' interest on 19th September 1983. Dealings in the further tranche of 10½ per cent Exchequer Stock, 1997 for settlement prior to 21st August 1983 will, in common with the existing Stock, be affected on an ex-dividend basis.

BANK OF ENGLAND
LONDON
13th July 1983

Andrew Cornelius on Northern Ireland's search for energy solution

Ulster studies options to fuel its future



Adam Butler faces up to the province's energy problems in the discussion paper he has endorsed which is published today.

NORTHERN IRELAND ENERGY ISSUES

a discussion paper

currently accounts for only 3 per cent of total energy consumption.

For this reason much of the pressure on Mr Butler has come from rival groups in the United Kingdom which are vying for a share of the Northern Ireland energy market. What started as gentle lobbying from the National Coal Board and a United Kingdom policy quoted open-cast mining company, Burnet & Hallamshire Holdings, is fast turning into full-scale battle over the type of fuel which will offer the best value for money.

No conclusions are offered on the likely outcome of government deliberations, although an early decision is promised on the long-standing negotiations with the Irish Government in Dublin on the supply of natural gas to the North by pipeline from Kinsale. Mr Butler has arranged a meeting with the Dublin Government two weeks from now to discuss the project which provides a potential solution for one part of the wider energy problem in the North.

The substitution of gas supplied from naphtha oil-based feedstock with natural gas from Kinsale theoretically offers savings of up to 20 per cent in gas prices. But the project has already been rejected once by the United Kingdom Government and is fraught with both political and economic danger associated with future changes in Irish pricing policy.

The success of the project also largely depends on there being a significant increase in the amount of gas demand in Northern Ireland, where it

project would create 1,000 jobs in Scotland and Northern Ireland, mainly in shipping and haulage activities, while providing good quality coal at bargain basement prices.

However, the Government is also aware of the potential offered by the discovery of at least 100 million tonnes of proven reserves of lignite on the edge of Loch Neagh, about 14 miles from Belfast. The Burnet board has argued that there could be as much as 450 million tonnes of lignite in the area, which would be enough to make the province self-sufficient in energy until well into the next century. But the sceptics argue that most of the additional reserves are actually under the Loch which would make mining either impossible, or uneconomic.

They also suggest that lignite is such a poor quality substitute for steam coal, with less than half the calorific value, that huge quantities need to be burned to achieve the same results.

Despite the problems the Burnet move to establish a £10m pilot plant to test the project viability receives a filigree today with the publication of the conclusions of a study

SHARES OF TOTAL ENERGY SUPPLIED IN NORTHERN IRELAND

	1985	1973	1961
%	%	%	%
Oil	32	55	48
Coal	55	27	29
Electricity	10	15	20
Gas	3	3	3

conducted by Coopers & Lybrand. The Coopers study argues that information gained from the pilot development would be of considerable benefit to the planning and design of eventual lignite power generation projects.

If a decision were subsequently taken to go ahead with the project to build a lignite-fired power plant, then a new station on the Loch Neagh site would offer the greatest economic benefit. It would also be cheaper than the conversion of an existing power plant, besides offering considerable saving when compared to the use of coal, according to Coopers.

The Department of Economic Development stresses that the various options being considered are not necessarily direct alternatives. Thus a decision on the Kinsale pipeline could be taken quite independently of the decisions on lignite and coal. There is also a strong possibility that a final decision on using lignite will be delayed until the 1990s by which time the Government will have had time to evaluate a small-scale pilot project.

In the meantime, Mr Edwards and his colleagues at the NCB are keen to stress the importance of making an immediate decision on the conversion of the Kilroot plant. Mr Edwards estimates that the conversion could be completed within three years of the decision being taken. In the present climate there would be little danger of power shortages if Kilroot were pulled out of service within this time.

But any delay in the decision-making process increases the risk of power shortages if industry's demand recovers from today's rock-bottom levels.

The creation of a nearby market for 1 million tonnes of coal each year would also do much to ease the NCB's strained finances, with the obvious attractions to ministers.

The Department of Economic Development's discussion paper emphasises that Northern Ireland's energy problems cannot be considered in isolation from its wider economic wellbeing, and that of the United Kingdom as a whole.

The paper also points to the obvious attractions of pushing as much of the burden of financing as possible on to the private sector. In the current political climate that makes Burnet's scheme a firm front runner, despite the uncertain nature of the company's plans.

The NCB, on the other hand, is unlikely to let such an important market slip away easily. The debate, therefore, is certain to rage for months to come.

Financial notebook

Confusions round an obsession

Of all the orthodoxies now affecting financial markets, perhaps the most obsessive is "crowding-out". It is widely held, particularly on Wall Street, that government borrowing, certainly at present levels, reduces the availability of capital for other investment, forces up interest rates, and therefore inhibits economic recovery.

But like all orthodoxies, crowding-out blinds the obsessed to much of what is really going on. Nobody would deny that, in extremis, the behaviour of private savings could be badly distorted by government funding requirements.

Nevertheless, the empirical evidence for crowding-out in present circumstances is inconclusive, and different ways of funding government reduce the risk further. It is even possible to argue without undue perversity that fiscal stimulation from government borrowing leads to "crowding-in".

One is entitled to be suspicious about crowding-out because its intellectual origins are less than impeccable and fully support well-worn maxims about defunct economists. The belief that a budget deficit would drain a finite pool of national savings was the British Treasury orthodoxy of the 1930s which so exercised Lord Keynes.

How the discredited orthodoxy of a discredited period could once again become respectable is an intriguing question.

Part of the answer is that the latter day partisans of crowding-out confuse the real economic effects of government deficits and spending with their inherent dislike of "big government". Allied to this political aspect of punk monetarism is the *a priori* assumption that the private sector is more efficient. The conviction that budget deficits cause inflation, and the understandable concern that inflation may not be defeated, add to the confusion.

A rhetorical riposte to this tangle of confusions and prejudices might be why should a given amount of private borrowing be less inflationary than the same amount of public borrowing if their impact on aggregate demand is identical? If there is no difference, presumably private funding can lead equally to crowding out.

But stripped of the confusions, the argument revolves,

as Keynes argued, around the behaviour of private investors. This, it must be said, is a blood-stained battleground. The effect of fiscal policy on private savings and the response of investors are murky areas. The complexity is illustrated by the recent behaviour of private savers. In Britain, the savings ratio actually rose while budget deficits were at their height in the late 1970s; since then they have fallen, despite lower deficits.

Nevertheless, a recent paper by two Organization for Economic Cooperation and Development economists concludes that where government debt is funded by bond issues "the demand for credit may be sufficiently interest sensitive, and many money holders sufficiently responsive to interest changes, for budget deficits to be financed without crowding out a substantial amount of private capital spending".

Indeed, the paper argues that instead "crowding in" could be the result. If fiscal policy increases the wealth of private money holders by stimulating the economy generally the consequences could be, with a given money stock, higher private demand for financial assets such as company debt and equity.

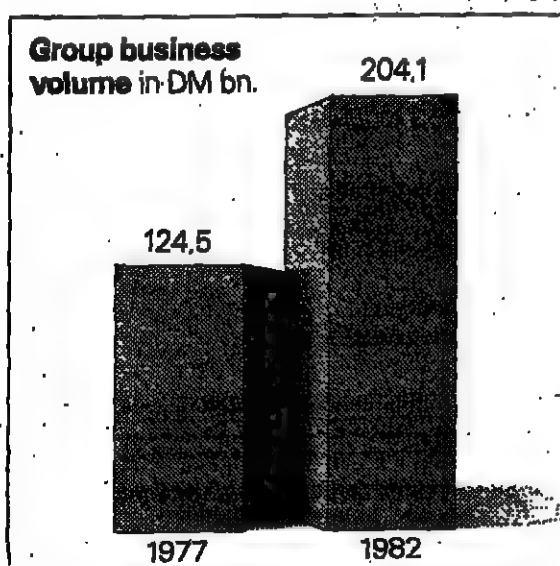
In practice, however, investors do not always respond with the speed or rationality that would produce such a result. Some might prefer, for instance, to hold equities even though the yield is lower than on government bonds. It is this mismatching which can result in a measure of crowding out and prompts the OECD authors to say: "This evidence suggests that there is only a partial crowding out in the short term."

One solution to the problem is for governments to use different funding methods. At the moment issuing medium-to-long-dated bonds does not always match the investors' preference, engendered by inflationary experience and expectations, for short-term assets. At this stage in the recovery it might be more appropriate for governments even to borrow from banks.

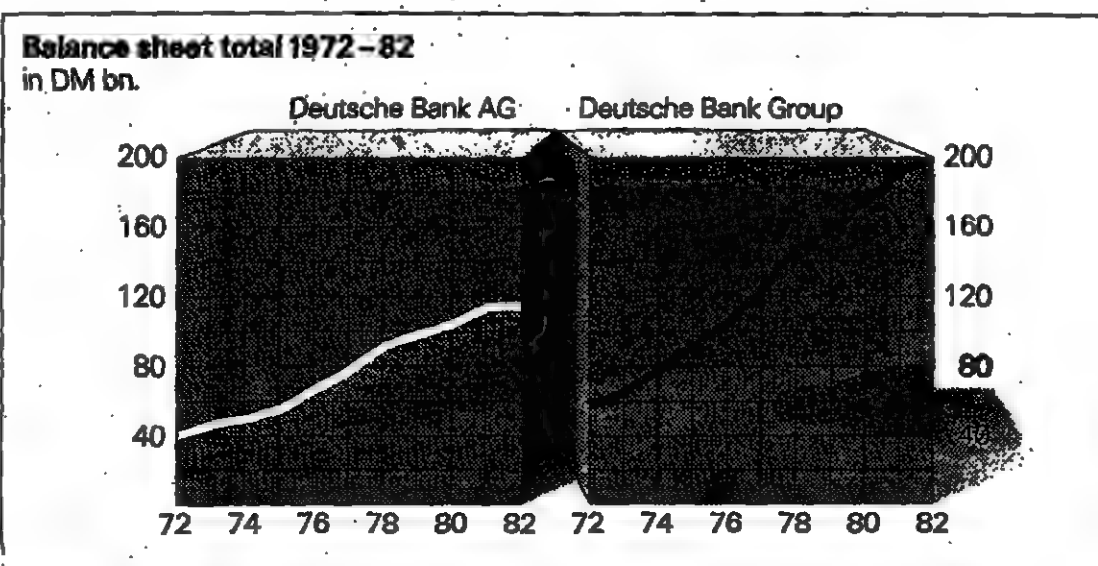
"Public Sector Deficits: Problems and Policy Implications" by Jean-Claude Chouhrouh and Robert Price, OECD, "Occasional Studies", June 1983.

Michael Prest

1982. A year's work.

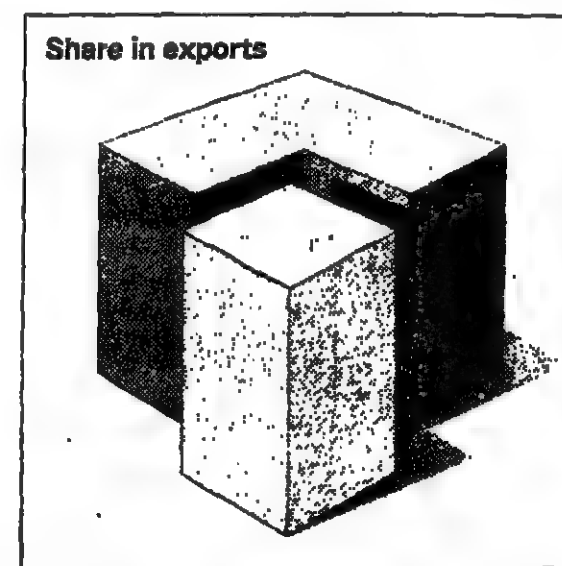


Group business volume exceeded DM 200 bn.



Development of balance sheet total.

Deutsche Bank



A quarter of Federal Germany's exports are settled with Deutsche Bank.

Business policy, overall development and result.

The 1982 financial year was characterized by a cyclically-induced weakness in demand for credit, a further increase in risks in national and international business as well as a marked decline in interest rates in the course of the year.

Group business policy was aimed primarily at strengthening earning power. Its objective was also to allow customers to benefit quickly and to the largest possible extent from the measures of monetary policy relaxation initiated by the Bundesbank and thus to promote positive effects for economic activity as a whole.

Through the capital increase in October, which brought us own funds of DM 497 m., we strengthened the bank's position and laid the foundation for full use to be made of future business opportunities in the Group.

In 1982, the bank's business volume increased by roughly DM 2 bn. to DM 204.1 bn. Group business volume rose to DM 204.1 bn.

International business.

In 1982 also, a large part of our international business served the financing of German foreign trade.

The most important project in the financing of German plant exports in 1982 was the supply of goods for the gas pipeline from Urengoy (West Siberia) to Western Europe.

In Eurocredit business, which we handle largely through our subsidiary in Luxembourg, we continued our cautious, earnings-oriented policy.

Foreign network continues to grow.

In May and June 1982, we opened representative offices in Los Angeles and Chicago.

After taking over the holding company Deutsche Credit Services, Inc., in Deerfield, Illinois (U.S.A.), we now have in Deutsche Credit Corporation a wholly-owned subsidiary specializing in industrial sales financing.

In Japan we opened a representative office in Nagoya, one of the country's important business centres, in February. In October we converted our representative office in Osaka into a branch.

In June we received authorization to open a representative office in Bahrain.

At the end of 1982 Deutsche Bank had 13 foreign branches and 9 wholly-owned subsidiaries abroad. Together with our holdings and representative offices, we have 83 bases in 54 countries.

Foreign subsidiary banks and financing companies.

Deutsche Bank (Asia Credit) Ltd., Singapore, engages primarily in international lending and in money and foreign exchange dealing. At the end of 1982, the bank's balance sheet total came to the equivalent of DM 2.1 bn.

Deutsche Bank (Canada), Toronto, successfully completed its first business year on 31.10.1982.

The bank operates as a Commercial Bank under the Canadian Bank Act in short and medium-term lending and deposits business as well as in the services sector.

Its balance sheet total came to Can. \$ 121.2 m. as at 31.12.1982, with total credit extended to customers of Can. \$ of 65.2 m.

As at balance sheet date 30.9.1982, the balance sheet total of Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, came to Lux. frs. 503 bn. (DM 24.9 bn.).

The emphasis in the bank's operations continues to be on lending. Total credit

extended as at balance sheet date was Lux. frs. 394 bn. (DM 19.5 bn.).

Deutsche Bank (Suisse) S.A., Geneva and Zurich, as a specialized institute in Switzerland, serves primarily international private customers in the fields of investment counselling, trust business and foreign exchange and precious metals dealing.

The bank's second business year has already closed with a positive result. Balance sheet total increased to the equivalent of DM 383 m. (previous year: DM 132 m. converted).

Atlantic Capital Corporation, our investment banking subsidiary in New York, participated this year too in a number of share and bond issues. Since 31.12.1982 Atlantic Capital Corporation has been a member of the New York Stock Exchange. Its balance sheet total at year's end came to US \$ 51.4 m.

Strong growth in Eurobonds.

In international issuing business we took advantage of the favourable state of the Eurocapital market to expand our business strongly. The bank lead-managed, managed or co-managed a total of 269 Eurobond issues; that was almost twice as many as in the previous year (139). The biggest single transaction to date on the Eurocapital market, a US \$ 750 m. bond issue for Canada, was lead-managed by our bank.

EBIC: (European Banks International).

The exchange of views and experience with the six partner banks in EBIC was continued.

At the end of the year the two EBIC subsidiaries Banque Européenne de Crédit (BEC) and European Banking Company (EBC) were merged.

At European American Bank (EAB), New York, the balance sheet total rose to US \$ 8.3 bn.

European Asian Bank AG, Hamburg, again registered an impressive increase in lending to corporate customers in the Asian-Pacific region. The balance sheet total rose by 18% to DM 6.3 bn.

The Open: Star billing for Europe's order of merit leader

Faldo the best British hope since Jacklin to capture title

By John Hennessey, Golf Correspondent

Nick Faldo, whether he likes it or not, will stand on the first tee of Royal Birkdale at 9.25 this morning as the best British hope for the Open championship since the golden days of Tony Jacklin a decade or so ago. He plays with Severiano Ballesteros and Larry Nelson, newly installed as US Open champions, star billing that will surely tempt the strength of the gallery ropes.

Faldo has been inclined to dismiss his chances, probably for tactical reasons, but everything seems to point to the strong possibility of an improvement on his joint fourth place last year behind Tom Watson, Peter Oosterhuis, and Nick Price, a young South African.

Faldo, one year older and, it seems, several years wiser, came back from the United States with another encouraging tour record to win the first three tournaments he played here, and has since then finished high up more often than not in other tournaments. He is a runaway leader in the European Order of Merit, with more than £50,000 while his nearest pursuers hover around the £30,000 mark. He is, too, a

course winner, as they would say on the turf, having succeeded in the PGA championship at Birkdale in 1978. And he prepared himself meticulously for the event last week with several quiet rounds away from the hullabaloo that has now invaded Birkdale.

Faldo is a little inattentive of character and not therefore the type of man to be intimidated by the close proximity of Ballesteros, particularly, and Nelson, playing at his side today and tomorrow in a match of more arresting appeal than any among the other 50.

He will be fortified by the thought that in his first tournament on returning from the United States, the French Open, he got the better of Ballesteros, playing in his third. In tournaments where they have both played, Faldo's record is clearly the better, with two wins to one and rather better subsidiary placings.

The doubt we must have about Faldo is whether he has the stomach for the big occasion. There is nothing in his record to suggest that he lacks heart, but until he has been put



Jack Nicklaus (top) and Tom Watson line up for success.

to the supreme test, as Price sadly was last year, we have to keep an open mind. Though he finished high up last year, not for the first time, Faldo was never in a position to win. Until he is, we shall not know what stuff he is really made of.

There has never been a doubt about Ballesteros's character since he finished runner-up to John Miller on this same course in 1976 at the tender age of only 19. Since then, of course, he has won one Open and two Masters and gives the impression nowadays that simply nothing is beyond his gifted compass. Watching him play six holes from the ninth yesterday, was an awesome experience, as he hauled in three birdies.

Nelson may look like a dwarf between the tall willows Faldo and the lanky Ballesteros, but his victory at Oakmont, in the wake of a thoroughly depressing season, must have added 4 ft 3 ins to his normal 5ft 9 ins. But it was Nelson's victory as a guide, almost anyone could win at Birkdale. In 16 previous tournaments he has survived the 36-hole cut only six times, and it was not until his putter suddenly caught fire early in the third round that he overtook

first Ballesteros and, at the death, Watson. Watson, of course, is statistically no more than an each way bet, since he has won four times in the last eight years. He expanded his repertoire, so to speak, with his first victory in the United States at Pebble Beach last year, and would have retained it at Oakmont last month had it not been for Nelson's astonishing return from the dead.

Watson has been paired (8.45) rather oddly, with Mark James, a Briton with a good Open record who, however, is watching him play six holes from the ninth yesterday, was an awesome experience, as he hauled in three birdies.

Out 3,230 34 in 3,698 37

The hard road is no crow's flight

Which hole at Royal Birkdale will prove to be the hardest par-four? Competition is keen for whereas a decade ago the prize must surely have gone to the sixth, two other strong contenders, the first and 18th, have come to join it. These three, with the central 10th, the championship. The first and the last with new tees and new par-ratings have yet to be tested, the sixth is an old foe and Jack Nicklaus has also been changed since last time, but it looks as though it will turn out to be an alteration without a difference.

The cross-hatched at about 260 yards from the tee has been reduced by removing the central water, and extending the fairway so that its length down the left is unbroken. The gap at its narrowest is no more than 15 paces, and with the stream harking behind the left rough it is a risk the majority will not want to take.

The Press Centre is privileged to have six world clocks installed in its midst, one of which gives the time in Montevideo. The fact that the countries entered there is none from Uruguay suggests that another major capital might be found. In years before Falkland Islands became news, it used to be Buenos Aires. Perhaps it is time to revert to Argentina, after all, have a representative in the field, Vicente Fernandez, who failed to qualify but was required to play off in order to provide alternates in case of late scratchings. He was not at all keen, but was finally coaxed into competing and now finds himself in the championship.

Do not get too excited about first round leaders; some of them have been entertaining rather than dangerous, and most of them come in late. No journalist is safe when the third threesome is in, as witness the occasion at Muirfield in 1972, when Peter Tatum walked off the course at the very end of the day with a 68 in the lead. Turnover in the Press Centre: "You have ruined something symmetry of my opening."

Tupling said he could not see what all the fuss was about; everyone knew he was not going to win. That was true enough for he finished in a tie for 45th. The United States has had its share of them, Mike Reid came in at the day's end to lead the Atlanta Open, which Jerry Pate won; in an earlier year the name of Rival McInnes was known to every American golf writer, not for having won the Open, but for the stupor of the drive he took when an anonymous golfer he took a first round lead.

It will take the stamina of a Foreign Legionnaire to follow a round for 18 holes, if the present heat does not bring a gentle breeze behind yesterday's temperature was again in the high eighties, and has not dropped below 60 degrees at night in the area. But recommended drink is not a recommendation, and stick to the tracks. No use following the flight of the crow at Birkdale.

Peter Ryde



A line-up to show the world four clean pairs of heels: Coe, Cram, Williamson and Ovett.

Quartet strike a familiar discord for Helsinki

By Pat Butcher

Steve Cram's return to form has signalled a return of the problem, now aggravated, that the selectors have before the Olympic Games in Moscow. Whom to choose for the middle-distance races in the forthcoming world championships in Helsinki, particularly the two for the 1,500 metres? The names remain the same as in 1980 - Coe, Cram, Ovett and Williamson - but the game is slightly different.

The world record-breaking form of Coe and Ovett before Moscow meant that their selection for both 800 metres and 1,500 metres was a formality. It was simply a case of "Cram or Williamson?" for the third 1,500 metres place. Times have changed. Cram is European and Commonwealth 1,500 metres champion and Williamson is the fourth fastest 1,500 metres runner in the world this year.

Coe has nearly been selected for 800 metres in Helsinki and Ovett has done enough to be nominated at 1,500 metres in the main body of selections which are to be made after the Talbot Games tomorrow. But Ovett has implied that he wants to run in the 800 metres in Helsinki as well, a distance at which he has hardly raced or had a top-class time since his Olympic victory.

Coe wants to be considered for the 1,500 metres, too, and is looking for a first time in the Talbot Games. If he had won his 1,500 metres race in Paris two weeks ago there would not be so much questioning of his right to contest that distance in Helsinki. But he came second and showed the frailty in the finishing straight that he showed when losing the European 800 metres in Athens last September.

But Ovett's Olympic 800 metres and Coe's Olympic 1,500 metres titles are difficult to ignore. In any slow, tactical 800 metres, which championships often are, Ovett is a likely winner. Coe's competitive capabilities are still in doubt.

The time trials, the paced, runaway victories to world records have left Coe incompetent to deal with the pressures of a close finish, as Athens and Paris proved. He admits that he is still a naive 1,500 metres competitor. The Olympic victory must therefore, by his own standards, be adjudged his greatest

performance. Should he be denied the opportunity to repeat that feat? With Coe and Ovett not contesting 1,500 metres last year, Cram filled the gap with gold of his own. He established himself with a victory in Zurich over eight of the top 10 in the world and then won European and Commonwealth 1,500 metres titles. The absence of really fast times was simply due to not getting the opportunity of the fast pacing that Coe and Ovett have enjoyed in all their world records.

Like the other gold medalists from last year, Cram was told that he only had to show optimum form this year to be selected for Helsinki. But a groin strain followed by an ankle injury at the start of the track season, coupled with the fact that his running partner, Williamson and Coe, occurred his decline.

Cram and Williamson are opting for 1,500 metres only, although they have now done a world championship qualifying time for 800 metres, which Ovett has yet to do. Cram can do it better than his 3 minutes 37.3 seconds in the 1,500 metres comeback race last week, and he saw Ovett's last-minute entry in his 1,500 metres race in the Netherlands two nights ago as an attempt to stage a psychological advantage over him while he was not fully fit.

Cram moved down to 800 metres, was easily and then reacted to the prospect of Coe and Ovett doubling up in Helsinki. "They are being judged on what they did two or three years ago and that makes me very angry," Cram said. He sees the prospect of himself and Williamson having to run-off for the last place in the 800 metres, as they had to do in 1980, when Cram won.

Williamson has done 3 minutes 34.01 seconds, behind Ovett in Oslo two weeks ago, with two more times close to that, and the level of an excellent second place in the 800 metres in the World Student Games, one of the premier championships in the world.

But despite his fast 1,500 metres time, Williamson still has the weakest case, since, unlike the other three, he has not yet proved himself

a winner in the highest class. His fearless front-running is seen by many as an invitation to defeat, but he is as talented, if not more so than the others, and it is again injuries, the constant blight of the highly trained athlete, that have kept him from the superlative performance of which he is surely capable.

The question that the selectors must consider is whether Coe and Ovett are setting their sights too high to test their current capabilities. They are being tempted by prestige and posterity. These first IAAF world championships in Helsinki will be the biggest track and field event ever, contested by around 140 countries, without danger of boycott.

That is at least 50 per cent more countries than have contested any Olympic track and field programme, and the question is not yet been broached of how the certain success of the world championships will affect the future of the Olympics, which, unquestionably, depend on track and field as their focus.

But Coe and Ovett have undergone long periods of illness and injury since Moscow, which makes suspect their ability to contest six most strenuous semi-finals and finals in eight days. Ovett withdrew from the European 1,500 metres on the day the championship started last year; he was replaced by Coe, who lost the 800 metres, also withdrew, leaving only two British representatives, Cram and Williamson, in the 1,500 metres. A repeat of that situation must be avoided at all costs.

That is evidently apparent in the mind of Andy Norman, one of England's team manager and one of the selectors, when he says that Coe and Ovett should restrict themselves to one event, leaving only two British representatives, Cram and Williamson, in the 1,500 metres. A repeat of that situation must be avoided at all costs.

Swinging into a woman's eye at practice

By John Hennessey

Some of the leading players in the Open came under increasing female scrutiny on the Birkdale practice ground. Betsy Lewis, who rounds off a distinguished professional career with a post as teacher at the Warren Park Golf Centre, Chadwell Heath, Essex, was playing the women's circuit, was making a first inspection of this year's field. Reactions ranged from admiration for Tom Watson, sympathy for Bernard Langer and bewilderment in the case of Raymond Floyd.

The approved of Watson's long back swing and big wind-up but wondered about the left heel off the ground. "That's very unusual, on the take away, the most important part of the swing, if there are faults there you've got to work to correct it in the rest of the swing." With forearm like that, she thought, Watson could get out of any trouble at Birkdale. That was the difference between men and women.

Langer, on the other hand, has a firm left heel, with a "fast swing, very powerful, with a strong grip." Obviously he will draw with get extra length, but "what I shames the guy can't putt! When I've putted badly I've found it so frustrating. Yet he's had to live with it for years and just keeps plodding on." It did not seem to be a character trait that he does so well.

Paul Way, one of the younger, loved the golf, expressed his deep love with his solid "modern" golf swing. It was very much one piece with hand, arms and shoulders all moving away in one unit. Besides looking good it made golf so much simpler. He had got good, arms that he had worked hard to develop. But modern? "That's because his wrist is very flat at the top of the swing, wrist and forearm in one line. He makes good use of his wrist, but he's not a good player, of much the same physique.

to be Way's idol. "Look at that guy behind Paul Way," she remarked in a rare critical aside. "His swing's going better and better." Since his identity was unknown to both of us his anonymity is easily preserved.

During these deliberations Andy Bean arrived on the practice ground, a huge mountain of a man from Florida with humour to match. His club, she said, looked like a toy in his hand. Later they compared heads and he's looking like a man, thought, seemed rather too long and too loose, but it would serve him well. If repeated consistently, it was so slow, if he was fast you would say, "What a free-flowing swing." His hands were "amazingly" close to the body, but a closed stance probably helped to get the right side out of the way so that it didn't collide. He has a very slow rhythm, perhaps he's like that in

"quite unusual". If he came down on the stance as he took it back he'd still be on the Muni-Links (municipal course).

Bobby Clampett, who did so well last year before fading towards the end, was well balanced in the hitting position again, a strong left side but with a much bigger fall of the hands than most.

Nathaniel Crosby, who has been criticized for a manufactured swing, did not seem that kind of comment. The best swing, thought, seemed rather too long and too loose, but it would serve him well. If repeated consistently, it was so slow, if he was fast you would say, "What a free-flowing swing." His hands were "amazingly" close to the body, but a closed stance probably helped to get the right side out of the way so that it didn't collide. He has a very slow rhythm, perhaps he's like that in

Round-the-clock team wheel out the extra Special

By John Blyden

One of the most remarkable racing car design and construction projects undertaken was completed at Silverstone yesterday when two Renault-powered John Player Specials were wheeled out in preparation for the British Grand Prix, sponsored by RAC, on Saturday.

Designed by Gerard Ducarouge, the team's recently appointed chief engineer, they have the completed his from conception to reality in just five weeks by the JPS work force, who have been working in shifts for 21 hours a day, seven days a week, in an effort to provide their drivers, Nigel Mansell and Elio De Angelis, with competitive cars for the team's most important grand prix of the year.

The workshops have been idle only between 3.0 am and 6.0 am during the production period and the afternoon team have been undertaking a 13-hour shift from 2.0 pm on in order to complete the job. The first car was completed on Sunday, then taken to Donington on Tuesday for its first test while the second car was being completed at the factory.

This year the Lotus team have been in the doldrums, plagued by large and overweight cars which have handled badly on the tarmac at their disposal. Their only championship point all season had been earned by Nigel Mansell, who finished sixth in Detroit. But when Peter Brabeck-Letford, the team's manager, had already taken decisive action.

and a replacement designed. He was given the go-ahead on the understanding that the new car would be ready for Silverstone.

By June 12 Ducarouge was able to telephone Warr - in Montreal for the Canadian Grand Prix - that all drawings had been completed two days ahead of schedule, apart from those for the outer bodywork, on which they were still debating. The follow-up drawings completed his bodywork drawings during a weekend home in Paris, then flew back to Norfolk where the double shift work pattern began that afternoon. It would take just 10 days to produce the carbon fibre and kevlar chassis mouldings and bodywork.

Meanwhile, special components were ordered from England, France, Italy and the United States and all went well until June 25 when a vital consignment of a special alloy for suspension parts was omitted from a package from France. A dispatch in order to travel through the night to pick it up, survived being knocked off his bike twice and returned with the metal within 24 hours.

On July 4 two more days were lost when another outside supplier failed to meet a deadline with rear suspension components but again the time was made up and the finishing touches to the first 94T were applied last Sunday evening. Apart from the basic chassis moulding, the car is entirely new, right down to the pedals.

Warr said yesterday: "I just can't say enough tribute to Gerard Ducarouge for the way he tackled the job, or to all the staff at Ketteringham who have thrown everything into producing the car to a seemingly impossible and back-breaking schedule." The moment of truth will be at 10.0 this morning when Mansell and De Angelis start their new-look cars on the Silverstone circuit for the first official practice for Saturday's race.

No engine trouble

Irresistible appeal of the man in the Noddy hat

Taylor asked teacher for a go with the gloves - and the rest is history

I must be getting soft. I had an interview all fixed up with Bob Taylor long before the Test team was named, and in the week before the interview, the papers were full of speculation that he would lose his place to some bright-eyed young scroob of a wicketkeeper. I was in line for a real heavy exclusive.

Taylor's world lay in ruins. Ashes faced, the pithless-shod midlife maestro faced the fact that his life had been shattered. But the grey-haired master craftsman told me as we sat in the sun-drenched Bristol cricket ground: "Make no mistake, England hasn't seen the last of Bob Taylor."

But dreams of writing such an impeccably tough story were dashed as the England selectors brought Taylor back into the international fold. And what is more, I rejoiced at the news. There is something irresistibly appealing about Taylor. Not only does he keep with a noddy hat, a precision, but he wears a Noddy hat to it; when he is happy he breaks into a little skip; for years he understood the chap with the exercises without a trace of bitchiness or resentment. When Knott went to join Kerry Packer, Taylor moved from understudy to star without a trace of swank; his joy in being the focal point for a fielding side communicates across all boundaries; his heady delight as a wicket falls is utterly infectious; and his efforts at meeting out congratulations by trying to throw his arms all the way round Ian Botham can excite only admiration.

Perhaps it is his long acceptance of second place to Knott that inspires both sympathy and the belief that he is an unquestionably good bloke. A meek chap buffeted by the winds of fortune. That would be a little inaccurate: a good bloke, certainly, but by no means meek. Top class professional sportsman do not tend to be whimsical. And Taylor is a genuine professional, in the non-performative sense of the word, as well as a genuine sportsman.

He has an absolute delight in his craft, and an action replay memory of the more significant incidents in more than 20 years of first class cricket. Like a leg-side stumping off Lever of all people. You have to be a remarkably good 'keeper even to consider standing up to a bowler that

quick, let alone to make a stumping. "It was in Pakistan, and the wicket wasn't too fast, Javed Miandad was using his feet, so I decided to keep him in his place by standing up. He played a gentle stroke and I had the balls off at once, but Taylor is still furious about it. "I don't often lose my temper on a cricket field, but that time."

His best dismissal actually allowed was a leg-side catch that dismissed Smith, of Middlesex, off Hendrick. The ball rocketed off an inside edge and Taylor charged direction in mid-air to take it.

These high spots were all made possible by Taylor's schoolboy imperialism at the lack of involvement he felt when fielding at long leg. He asked teacher for a go with the gloves, and the rest is history.

Standing up is what it is all about, of course. "I judge a 'keeper by the way he stands up. Standing up shows whether you are a wicketkeeper or a bat-stop." He looks on goal-keeper-style batsmen-in-gauntlets with about as much tolerance as Rembrandt would regard painting by numbers. "A good 'keeper must create chances, like standing up to make the batsman play differently. He must have impeccable concentration, be physically and mentally fit, and set an example to the fielders."

All good stuff, this, and one would accept no less from the man, but I am afraid he has totally disillusioned me. Last winter, standing up to Botham, he took a bounce lovingly into his gloves about half an inch behind the batsman's ear, a phenomenal example of high class reaction. But he knew it was going to be a bounce all along, he said.

Best matches? No surprise: Headingley, 1981 was first on his lips "though that was only interesting on the final day." I have dim memories of the fourth day being not altogether without interest, but then I am not England's wicketkeeper with a blinkered delight in my trade.



Taylor: an absolute delight in his craft.

Melbourne last winter was, he decided, perhaps the best of all for sustained involvement, with the last rites performed by 18,000 people turned up to see a day's cricket that might have ended with the first ball. It didn't, and finished only after a jolly game of volley-ball in the slips: "That's why Thomson is a No 11 batsman, he had no need to play that ball, he just lost concentration."

Which brings us to batting, and the fact that Taylor lacks his predecessor's near genius for improvisatory counter attack. Taylor has an average of 20 for England however, and not a few batsmen would envy that. But he said: "If I lost form as a batsman, I'd be concerned. But if I lost form as a wicketkeeper, I'd lose sleep."

Taylor will be 42 on Sunday, so happy birthday. He will be playing for Derbyshire next summer; his winter plans are flexible but he would not mind playing cricket in New Zealand if anyone asked him. After 1984 he is moving to what he mysteriously terms "new challenges."

I am not sorry I am unable to write "Taylor - my agony. Test star's anguish. Dropped - and it hurts, says pocket dynamo." And I hope he gets 20 victims in the Test as a birthday present.

Simon Barnes

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National/International company to
we specialise.
257, 35 St Thomas Street
n SE1 6SN

held on Wednesday 26th October 1983, in accordance with the provisions of the Potato Marketing Scheme, 1955, as amended.

Number of Members to be elected	Present Members
2	Mr W E Frith Mr W M Newark

Roadingshire **1** **Mr J McFurtz**
Berwickshire

1 Mr D D S Crabb
C.E. D.L
F R Ags

elections on 26th October will hold office for three years
for 1983.

W L SPRIOCE
Secretary

LEGAL NOTICES

SERVIS Limited.
NOTICE is hereby given pursuant to
Section 293 of THE COMPANIES ACT.

G. STOPHER Director	J. BURK
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Today's television and radio programmes

THE TIMES THURSDAY JULY 14 1983

29

Edited by Peter Davalle

BBC 1

- 00.00 Ceefax AM. News, sport, weather, traffic. This information service is available to anyone with a TV set.
- 00.30 Breakfast Times with Frank Bough. Nick Ross. Includes news at 6.30, 7.00, 7.30, 8.00 and 8.30; regional news at 6.45, 7.15, 7.45, 8.00 and 8.15; Sport at 6.45, 7.15 and 8.15; Keep fit (between 6.45 and 7.00); The morning papers (7.22 and 8.30); The America (7.45); 8.00h Horoscope (8.30-8.45). Closedown at 9.00.
- 05.00 Golf: The Open. Live coverage of the first round of the 112th Championship, from Royal Birkdale Golf Club. Tom Watson is defending his title. The British challenge is led by Nick Faldo, Sandy Lyle and Peter Oosterhuis. More coverage at 1.45 on BBC1, and on BBC 2 at 10.55 am (starting with cricket) and at 10.00.
- 06.00 News with Richard Whitmore. 1.27 Financial Report. And sub-titled headlines. 1.30 Business.
- 06.45 Golf: The Open. Harry Campbell produces further live coverage.
- 07.00 Play School see BBC 2.
- 07.30 10.30am for details. 4.45 Hilda: Episode 15 of this 26-part serialisation of the children's classic about an orphan girl, with English dialogue. 5.05 John Gower's Newsround. 5.15 We are the Champions: Sports contest between Wybers Wood Middle School, Grimsby; St Clement's High School, Torrington; St Clement's, King's Lynn; and North Kesteven School, Lincoln.
- 06.00 News with Maura Stuart. 6.00 South East at 8.25. Nationwide includes Sue Lawley replying to points from viewers' letters.
- 06.30 Holiday Report: Helpful information from John Carter.
- 07.00 Best of the West: Comedy western. Could the grinning lady in the saloon really be the escaped leader of a cattle rustling gang? Marshall Best (Joel Higgins) decides to find out.
- 07.30 Top of the Pops with Peter Powell and Andy Peebles.
- 08.10 Fanny: The last episode in this drama series about the students and teachers at the New York High School for Performing Arts finds Danny (Carlo Imperato) in such a state of stress that he is expelled from the school.
- 09.00 News with Michael Barker.
- 09.25 The Life and Times of David Lloyd George: All nine parts of Elaine Morgan's high-quality drama series about the "Welsh Wizard" who had a way with women are being repeated. This time we see the title character as the part that made him a name to contend with. Episode one is devoted to Lloyd George's formative years in north Wales, leading to the performance by election in which he stood as a Liberal candidate (r).
- 09.25 Campus: Part two of this documentary series about life at Edinburgh University centres on four students at the centre of medicine who are in their final year. They are Steven Garvie, Stuart McLean, Simon MacKenzie and Brian Kennedy.
- 09.25 Tom Jones: How the Welsh singer's quest is Chaka Khan. 11.30 News headlines.
- 1.20 The 100th Anniversary of the end of the First World War. A special edition of the 10.30 News. With Graham Garden (r).
- 1.45 So You Want to Give Up Smoking: Making the decision to give up. With Dr Miriam Stoppard (r). 11.55 Weather.

TV-am

- 6.25 Good Morning Britain. With Nick Owen, Anne Diamond. Items include news at 6.30, 7.00, 7.30, 8.00, 8.30, and 9.00; Sport at 6.45 and 7.45; Morning papers at 7.05; Pop video at 7.55; Guess Who? at 8.05; Television preview at 8.35; Michael Barry's Recipes at 9.05; Mad Lizzie (keeping fit) at 9.15.

ITV/LONDON

- 9.25 Thames news headlines. Followed by Sesame Street: With the Muppets: 10.25 Science International: Film about research. 10.35 Struggle Beneath the Sea: A film about the home-building snapping shrimp and the goby. 11.00 The Russian Dance Festival: Dance, song and music - with a cast of 178 entertainers.
- 12.00 Haggerty Haggerty: The story-teller is George Cole (see also 4.00); 12.10 Get up and Go! with Gary Ross; 12.30 The Suburbs.
- 1.00 News; 1.20 Thames news; 1.30 Emergency Farm.
- 2.00 A Plus: Lord Sif, chairman of Marks and Spencer is interviewed by Kay Kaye; 2.30 Fantasy Farm: Episode 7 of this drama series about a show business family in the Thirties. With Jimmy Jewel (r). 3.30 Chit-chat: Domestic comedy series with Michael Aspel and Richard Easton. Today, differing opinions about the use of the family car (r).
- 4.00 Children's ITV: Haggerty Haggerty (r); 4.15 Bugs Bunny: cartoon; 4.20 On Safari: Kenneth Williams is the guest star in this "jungle" game; 4.45 Home drama series set in an Australian community welfare home; 5.15 Young Doctors: An initiation ceremony that goes wrong at the hospital.
- 5.45 News; 6.00 Thames news; 6.30 Help! Privilege: sports attractions for London's elderly.
- 6.40 Knight Rider: An old flame of Michael Knight (David Hasselhoff) is wrongly arrested.
- 7.40 Inside the Third Reich: Part one of a two-part adaptation (by Jack Neumann) of the memoirs of Albert Speer, Hitler's chief of armaments and war production. It was made for American television, and won high praise when screened in the US last year. The starting point in the prison in which Speer is awaiting sentence for war crimes. The Dutch actor Rutger Hauer plays Speer, with Derek Jacobi as Hitler. Part 2 tomorrow night.
- 8.30 TV Eye: Death at the YOP. This edition has the title of the death of six young people (and injuries to 300 others) in the past six months while taking part in the youth opportunity programme. The programme is unapologetic in its use of inadequate safety precautions.
- 10.00 News at Ten. And Thames news headlines.
- 10.30 Shelley: With the prospect of death looming larger the jobless Shelley (Hywel Bennett) signs on at the Labour Exchange. Co-starring Belinda Sinclair as his wife (r).
- 11.00 A Sense of the Past: The importance of old family albums of photographs when re-creating a picture of what life was like. With Graham Garden (r).
- 11.30 Lou Grant: The trainee reporter and the case of the hit-and-run killer.
- 12.00 Close.

BBC 2

- 6.05 Open University (ends at 8.10): Maths. Flows and Exponential: 6.30 Digital Systems: 6.35 Perceptions of the IMF: 7.00 Conflict: strike news; 7.45 The Galbraith Thesis.
- 8.40 Golf: The Open 1982 (last year's highlights).
- 10.30 Play School: Stan and Jan Berenstain's story Bears on Wheels (can also be seen on BBC 1, at 4.20pm).
- 10.55 The Good Show: Live coverage of the first day of the England v New Zealand first Test, from The Oval, and of the 112th Championship of The Open, from Royal Birkdale Golf Club in Southport. The commentators at the Oval are Richie Benaud, Jim Laker, Tony Lewis and Don Graveney. Highlights of the day's cricket can be seen on BBC 2 tonight at 11.30, and of the golf at 10.00pm, also on BBC 2.
- 6.55 Six Fifty-Five: A special French-flavoured edition of the programme, in French. The international singing star Charles Aznavour provides the music in the Pebble Mill courtyard which assumes a French cafe atmosphere. The clientele includes Mark Kingdon, the Moroccan columnist on The Times, an authority on Franglais.
- 7.30 News with sub-titles.
- 7.30 Wheels of Fire: Another film in this documentary series about, today, the Rajasthani project, a man-made water way, begun in 1958, which will eventually run for 250 miles bringing new agricultural hope to this area which was once just a desert.
- 8.00 Boswell for the Defence: Starring David McCall as Boswell, with Alec Hoggie as John Reid, the man in the dock (see Choice).
- 9.30 Britain in the Thirties: The Day We Broke Out. In the first film in this series about a single decade in the nation's history, the events of Sunday, September 1, 1939, are recalled by military VIPs, servicemen and civilians. It was a dark and thunderous morning - an appropriate beginning for the Second World War. (See Choice).
- 10.00 Golf: Highlights from today's play in The Open at Royal Birkdale Golf Club, Southport. Introduced by Harry Carpenter.
- 10.40 Newsnight: Bulletins and content.
- 11.30 Cricket: The best of the action in today's First Test at The Oval between England and New Zealand. Introduced by Richie Benaud.
- 12.00 Open University (until 1.20am approximately).

CHANNEL 4

- 5.30 Car 54, Where Are You? American-made comedy series about two American police officers (Joe E. Ross and Fred Gwynne). Tonight, Toody (Ross) believes a gypsy has put a curse on him for switching her from a store.
- 6.00 Get Smart: Another film in this American comedy series about the secret service, starring Don Adams. Tonight's episode concerns the kidnapping, by the world's strongest counter-spy, of a Middle East prince.
- 6.30 The Good Show: The Good Show comes from the heart of Bristol's dockland. The background to the programme is the fact that the world's largest shipyard is the world's largest shipyard. The background to the programme is the fact that the world's largest shipyard is the world's largest shipyard.
- 7.00 Channel 4 News. Includes news headlines at 7.00 and 7.30.
- 7.50 Comment: Occupying the platform tonight is 15-year-old Mike Harkin, a parliamentary researcher who is working on a book on politics and young people.
- 8.00 Vastland: The story of a French cafe atmosphere. The clientele includes Mark Kingdon, the Moroccan columnist on The Times, an authority on Franglais.
- 8.30 The Last Days of Pompeii: A film about the city of Pompeii, which was buried under ash in 79 AD. The film is a reconstruction of the city as it was, and shows the lives of the people who lived there.
- 9.00 Soap: More misadventures of the crazy Tates and Campbells who tonight discuss possible suspects in the affair of Peter's murder.
- 9.30 Film: The Merchant of Four Seasons. (1971) The second film in the Channel 4 season of Rainier Werner Fassbinder's films, stars Hansi Christa as the man who takes his life. The film is a reconstruction of the city as it was, and shows the lives of the people who lived there.
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CHOICE

- Fortuitously, the great hanging debate spills over into tonight's drama schedules on television. Apply, too, for the renewed top-of-the-line over-the-line pushing of the best of the world, and there can scarcely have been a less impressive audience for any spectacle, real life or fictional.
- BOSWELL FOR THE DEFENCE** (BBC2, 8.00 pm) is real life with fictional trappings. Inevitably, it is less gripping than the parliamentary drama that has just quitted centre stage. Although it culminates in a public hanging (to street vendors' cries of "Hot roast haggies", as the body breaks from the gallows), it is not so much a tract either for or against capital punishment, except in so far as it reflects one of the tenets of the abolitionists' case: that, quite probably, many more innocent men and women have died by the rope than the cases that are known about. Boswell for the Defence has been adapted by Mark Harris from Boswell's own account of his courtroom attempt to clear a butcher of a charge of sheep stealing. Nothing earth-shattering about that, especially since Boswell is depicted as a better biographer than an advocate. What we are indebted to Mr Harris for is the reminder that although Boswell lost his fight in court, he finally hit on a plan by which his client, though hanged, might yet live on.
- THE DAY WE BROKE OUT** (BBC2, 9.30 pm) complements last week's *Wheels on Wheels* with a look at how Hitler was allowed to get away with it. It is, in fact, the

RADIO 4

- 6.00 News Briefing. 6.05 Shipping. 6.10 Farming Today. 6.15 The Day We Broke Out. 6.20 The Day We Broke Out. 6.25 The Day We Broke Out. 6.30 The Day We Broke Out. 6.35 The Day We Broke Out. 6.40 The Day We Broke Out. 6.45 The Day We Broke Out. 6.50 The Day We Broke Out. 6.55 The Day We Broke Out. 7.00 The Day We Broke Out. 7.05 The Day We Broke Out. 7.10 The Day We Broke Out. 7.15 The Day We Broke Out. 7.20 The Day We Broke Out. 7.25 The Day We Broke Out. 7.30 The Day We Broke Out. 7.35 The Day We Broke Out. 7.40 The Day We Broke Out. 7.45 The Day We Broke Out. 7.50 The Day We Broke Out. 7.55 The Day We Broke Out. 8.00 The Day We Broke Out. 8.05 The Day We Broke Out. 8.10 The Day We Broke Out. 8.15 The Day We Broke Out. 8.20 The Day We Broke Out. 8.25 The Day We Broke Out. 8.30 The Day We Broke Out. 8.35 The Day We Broke Out. 8.40 The Day We Broke Out. 8.45 The Day We Broke Out. 8.50 The Day We Broke Out. 8.55 The Day We Broke Out. 9.00 The Day We Broke Out. 9.05 The Day We Broke 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Labour left battle to control NEC

Continued from page 1

vote for Mr Neil Kinnock with Mr Roy Hattersley as deputy leader. Voting at branches produced a return of more than 50 per cent, with Mr Kinnock winning 70 per cent of those votes.

Left strategists have switched their attention from the leadership issue now that Mr Kinnock appears home and dry to winning control of the NEC and are lobbying hard for the votes of unions such as the POU and the National Union of Railwaymen, which has moved significantly to the left.

The five trade unionists whose seats have been identified for attack by the left are Mr Golding, Mr Russell Tuck of the NUR, Mr David Williams, of the Confederation of Health Service union, Mr Roy Evans, of the steelworkers and Mr Denis Howell, of the white-collar union, the Association of Professional Executive Clerical and Computer Staff.

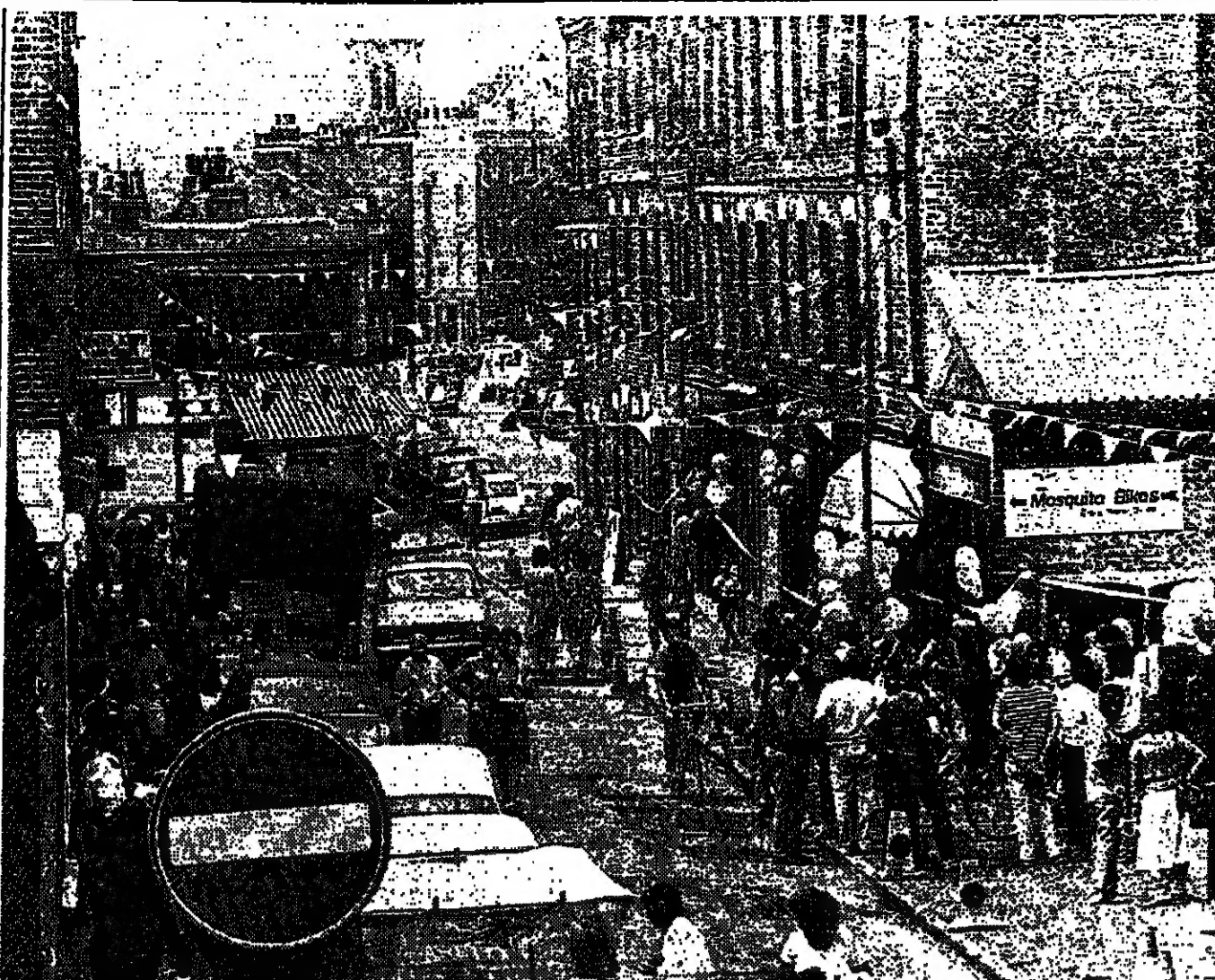
Mr Tuck and Mr Williams are retiring although under NUR practice their nominees will automatically be Mr Charles Turnock, the next most senior official in the union, who is more of a right winger than Mr Tuck.

Among the union nominees which the left are supporting are Mr Douglas Hoyle, from Mr Clive Jenkins, Association of Scientific, Technical and Managerial Staffs, Mr Charles Kelly from the construction workers' union and Miss Barbara Switzer, of the white-collar Technical, Administrative and Supervisory Section.

Mr Kinnock's victory as leader was virtually assured earlier this week when Mr Frank Chapple's electricians' union, which has a 180,000 block vote, decided to abstain because it disagreed with the method of electing the party leader.

Mr Golding, the MP for Newcastle-under-Lyme, who has been the wheeler-dealer linkman on the NEC between the unions and the politicians, and the soft left and the moderates, said that he thought his departure would make little difference (our Political Correspondent writes).

But the view is based on an assumption that the hard-left fail to make inroads into the national executive at the conference, and that the moderate majority increases to give greater authority to Mr Kinnock's expected leadership.



Coops breathe new life into derelict district

The first row of shops and workshops in Britain run entirely by workers' cooperatives (above) was formally opened yesterday in the London district of Hackney.

The 10 businesses, employing about 40 people, have been set up in Bradbury Street which has been virtually derelict for the past five years. Rebuilding was carried out by Hackney Cooperative Developments to provide concentrated retail outlets for the expanding number of coops in the area.

HCD leased the buildings from Hackney Borough Council and developed them with grants totalling £190,000 from the inner-city partnership at the Department of the Environment and the Borough Council itself. Grants totalling £80,000 for the next phase, developing more shops, offices and workshops in the row, have also been approved.

Mr Marshall Colman, of HCD, said the project would breathe new life into a run-down area and create new business for the employee-controlled firms, most of which

have been in existence elsewhere for some time.

Only Bada's Blooms, a florist's, is in business for the first time. The partners are Mrs Betty Cooper and her daughter, Debbie (right). Both were employed in plant shops before and spent four years looking for premises. They finally decided to open in Bradbury Street as the rent of £35-a-week was affordable.

At Trojan Printing Services, where rents are higher, Ms Virginia Heywood said the development would improve the image of coops and help them be taken seriously. Coops being together, she said, would increase business and allow problems to be sorted out together. "For me, being in a coop means I have a voice in decisions. In private business, I'd just be making a machine all day", she said.

Rents from the coops will go back to Hackney Cooperative Developments. In part, they will go into a "revolving loan fund" to provide small loans to cooperatives with formalities kept to a minimum.



Landmine kills four UDR men in convoy

Continued from page one

was reduced to a tangled wreckage on the edge of a 40 ft wide by 15 ft deep crater.

Telephone cables were destroyed, putting 1700 phones in the rural area out of order.

One of the soldiers died as he was being airlifted to hospital but the others were killed instantly.

Mr Noel Brown, assistant divisional fire officer, who was at the scene within minutes said: "There was just a huge crater and the vehicle was well alight with three bodies inside. My feeling was one of revulsion."

The Provisional IRA hiding in hills 400 yds away detonated the bomb by a command wire later discovered by security forces who carried out a huge search after sealing off the area.

The attack brings to six the number of UDR men killed this year and is the highest toll suffered by the regiment since 1980, when three men were killed in a similar explosion in Co. Down.

Cardinal Tomas O'Flahiff, Roman Catholic Primate of All Ireland, said that it was a black day and that no cause could justify a single killing.

As politicians condemned the attack, it was Unionists who proclaimed that the incident provided a great argument for bringing back the rope. The Rev Ian Paisley, leader of the Democratic Unionist Party, said that massacre demonstrated that the innocent lost their lives but the guilty had their lives preserved.

The Rev William McCrea, Democratic Unionist MP for Mid-Ulster said that unless capital punishment was restored Northern Ireland would see nothing but more coffins. "If any man votes against capital punishment he will have the blood of the innocents on his hands", he said.

In South Armagh, police were investigating the double murder of two men found in an abandoned car three miles from Crossmaglen. The men, named locally as Mr Patrick Mackin and Mr Eamon McMahon, both in their thirties and from the area, were last seen alive in Dundalk, Co. Louth, on Tuesday night. It was several hours before police moved in as they feared the vehicle had been booby trapped.

The men were not connected with the security forces and no organization claimed responsibility for the killings.

Frank Johnson in the Commons Pray silence for the great debate

As it always did in the old days, capital punishment brought out the crowds yesterday.

The back benches filled up well in advance of the start. The public galleries were full.

In the street outside, a large queue waited in hope of admittance. Figures from the House of Lords itself used by some Prime Ministers as a form of capital punishment, filled the Peers' Gallery. The vast form of Lord Soames, for example, was draped over the railing. The only slightly less vast form of his son, Nicholas, a new MP, was draped over a back bench somewhere below. It was a reminder, for good or ill, on a day when death was the subject, of life's astonishing capacity to renew itself.

Scottish question time rapped to a close. It was time for the great debate. The new Speaker, Mr Bernard Weatherill, rose and pronounced the words which bring terror to the most hardened of MPs: "Speeches must be brief, very brief." No fewer than 60 members had indicated their wish to take part in the debate.

He said. He made it clear that some would be disappointed. "I ask them not to come to the Chair to assess their chances," he said. These are the traditional words spoken by a Speaker when he sentences men and women to silence in this place. How many of them were innocent? (Very few, actually.)

In fact, the Speaker's words momentarily drew attention to an even more pressing problem: the unusually large number of Conservative members who wanted to avoid speaking in this debate at all costs. These were the ones who had secured Conservative candidacies by coming out in favour of capital punishment, but who had since been apostate prison governors, and Mr James Prior - in short, by the entire howling mob that moderate opinion forms itself into on these occasions.

For these wretched members, there was no refuge during the debate, except the loo. They could always plead that a lock proved faulty at the time of the crucial vote. One thing was certain: they could not say that they had to be

away on constituency business at the time. In many Conservative associations, capital punishment is regarded as the only constituency business worth their member's attention.

A goodly proportion of Tory backbenchers, then, sat through the debate in complete misery - hoping for a speech which would prove that one could be both for capital punishment and acceptable in polite society: acceptable in both the constituency committee room and the London drawing room. No such speech ever came.

Sir Edward Gardner, the member for Fylde, who moved the main motion, did not seem to have the answer to this social issue. His speech putting the case for capital punishment was respectable, but stolid.

In keeping with all the canons of common sense, he refused to base his case on statistics. But this meant that his case could be easily mocked and "rebutted" by nimble minds.

As the Home Secretary is expected to do in capital punishment debates, Mr Leon Brittan summed up the case for and against. He then came out in favour of death for terrorists - amid Labour hysteria. For the Opposition front bench, Mr Roy Hattersley kept on puffing out his cheeks and saying how totally, utterly, completely, unequivocally opposed to capital punishment he was - as if he were taking his career in his hands by doing so. His speech was a huge success with his party.

But a more effective speech for the anti-ban campaign came from Mr Edward Heath, who is serving a life sentence below the gangway. He mentioned the large number of mistaken convictions for murder in recent years. Then he said he understood some new Tory member had said he would be prepared to carry out an execution if needed. "Is he prepared to have his mistake?" he asked. Later research revealed this member to be a Mr Peter Bruinvels, of Leicester East. But he remained in anonymous silence at Mr Heath's question.

THE TIMES INFORMATION SERVICE

Today's events

Royal engagements

The Duke of Edinburgh, Patron and Trustee of the Duke of Edinburgh's Award Scheme, attends a reception at Buckingham Palace for young people who have reached the Gold Standard, 2.30.

Queen Elizabeth the Queen Mother attends a service at Chislehurst Church to mark the eightieth anniversary of its foundation, 3.

The Duke of Kent takes the salute at the Royal Tournament at Earl's Court, 7.20.

Princess Alice, Duchess of Gloucester, President of the Royal Academy of Music, presents awards at the Academy's annual prize-giving, NW1, 2.25.

The Duke of Gloucester presides at the annual general meeting of the Cancer Research Campaign at St James's Palace, 2.30, and accompanied by the Duchess, attends the National Trust's Fete Champetre at Claremont, Esher, Surrey, 8.

Princess Alexandra visits the Isle of Man to open the new breakwater pier at Douglas Harbour 12, and opens Sulby Reservoir, 3.

New exhibitions

New paintings by John Copley: large carbonum prints by Michael Heidehoff; ceramic sculpture by Larry Morridge; Oxford Gallery, 23 High Street, Oxford; Mon to Sat 10 to 5 (until Aug 10).

Illustrative Images: Prints and drawings by artists from London's Thumb Gallery, at Collins Gallery, 22 Richmond Street, Glasgow; Mon to Fri 10 to 5, Sat 12 to 4, closed next Monday (until July 30).

Exhibitions in progress

History of Warrington bridges and transport, Warrington Museum, Old Street; Mon to Fri 10 to 6, Sat 10 to 5 (until Aug 20).

John Lavery's early career 1880-90: Glasgow Museum and Art Gallery, Kelvingrove; Mon to Sat 10 to 5, Sun 2 to 5 (until July 24).

Paintings and drawings by Jack Knox, Fruitmarket Gallery, Market Street, Edinburgh; Mon to Sat 10 to 5.30 (until Aug 6).

Edinburgh Group exhibition: paintings, drawings, ceramics, embroideries and books, City Art Centre, 2 Market Street, Edinburgh; Mon to Sat 10 to 5 (until July 30).

Drawings and sculpture by John Doubleday; and drawings and etchings by Della Chapman; Halesworth Gallery, Steeple End, Halesworth; Mon to Sat 11 to 5, Sun 3 to 6 (until July 22).

Talks, lectures

Rude discussion on graffiti, by Nigel Ross, The Clarendon Press Centre, Walton Street, Oxford, 8.

Music

Concert by Landini Consort, Chapter House, York Minster, 8.

Recital by Angela Tunstall (soprano) and Adrian Hobbs (piano), St Mary's Centre, Aylesbury, 1.10.

Concert by Wheatstone Choir, Doonagh Park Church, 7.30.

Piano recital Richard Stalker, Peterborough Cathedral, 7.30.

Guitar recital by Juan Martin, 6.30; concert by English Sinfonia, by Nigel Kennedy (violin), Thaxted Parish Church, Essex, 8.30.

Concert by Alberni String Quartet, Blythburgh Church, Suffolk, 8.

General

Royal Tournament, Warwick Road, Earl's Court, SW5, 2.30 and 7.30.

The Times British Schools Chess Tournament finals, St Ermin's Hotel, Caxton Street, SW1, 10.30 to 3.30.

Lincoln Antiques Fair, County Assembly Rooms, Balguley, Lincoln, 2 to 8 today, 11 to 6 tomorrow, 11 to 5 Saturday.

New books - paperback

The Literary Editor's selection of interesting books published this week: A Boy's Own Story, by Edmund White (Picador, 22.50); An English Madman, by Paul Bailey (Fontana, 21.50); County Library - a new series: A Poacher's Tale, by Fred Speckman; Adventures of an Artisan Hunter, by D. Brian Plummer; Early to Rise, by Hugh Barrett; The Shore Shooter, by Alan Savory (Boydell & Brewer, 24.45 each); A Saint Becket Reader, edited by John Gower (Penguin, 22.50); Development in British Politics, edited by Henry Drucker (Macmillan, 12.50); Lucien, by Christopher Robinson (Duckworth, 25.95); Obituary of a Man, selected poems translated by David McDuff (Writers & Readers, 22.95); What is Dance? edited by Roger Copeland and Marshall Cohen (Oxford, 29.95); Who Dares Wins, revised for the Falklands, by Tony Garaghty (Fontana, 22.50) PH

National Day

The opening shots in the French Revolution of 1789 are commemorated today as France celebrates its National Day. After pillaging the armoury at Les Invalides, a small, angry mob descended on the Bastille which was stormed and subsequently dismantled by the revolutionary government. The vestiges of revolutionary spirit found expression several times during later centuries, and most recently in the 1981 election of the Socialist Government of M Francois Mitterrand, which presides over a country of rich diversity now preoccupied by economic problems.

Anniversaries

Birther Johannes Müller, physiologist, 1801; James McNeill Whistler, painter, Lowell, Massachusetts, 1834; Emmeline Pankhurst, suffragette, Manchester, 1858; Madame de Staël, writer, died in Paris, 1817.

Parliament today

Commons (2.30): Finance Bill, remaining stages.

Lords (3): Lotteries (Amendment) Bill, second reading; Appropriation (No 2) (Northern Ireland) Order.

Debate on experiments on living animals.

The pound

	Bank	Bank
	Buy	Sell
Australia \$	1.84	1.75
Austria Sch	28.95	27.40
Belgium Fr	82.25	78.25
Canada \$	1.94	1.86
Denmark Kr	14.75	14.05
Finland Mk	8.92	8.42
France Fr	12.26	11.76
Germany DM	4.10	3.90
Greece Dr	136.00	126.80
Hong Kong \$	11.57	10.72
Ireland P	1.30	1.23
Italy Lira	2425.00	2305.00
Japan Yen	368.00	368.00
Netherlands Gld	4.59	4.37
Norway Kr	11.62	11.07
Portugal Esc	185.00	174.00
Spain Ptas	227.00	216.00
Sweden Kr	12.23	11.63
Switzerland Fr	3.36	3.19
USA \$	1.57	1.52
Yugoslavia Dnr	142.00	134.00

Rates for small denominations bank notes only, as supplied by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

Retail Price Index: 333.9.

London: The FT Index closed down 5.2 at 676.9.

Roads

London and South-East M4: Lane closure at junction 2 (Brentford) and 3 (Cranford). Royal Tournament, Earl's Court, affecting one-way system. A307: Petersham Road, Richmond, closed near Star and Garter Hill, diversions avoid Richmond Bridge at peak times.

Midlands and East Angles: A1: One carriageway shared on Stangate Hill near Alconbury, Cambridgeshire. A452: Fieldgate Lane, Kenilworth, closed to through traffic. M6: Northbound entry slip road closed at junction 2 (M69 and Coventry East); M69/M6 junction not affected.

North: Great Yorkshire Show, Hookstone Oval, Harrogate extra traffic on A61, A658 and A661. British Open Golf, Royal Birkdale, Southport: Heavy traffic on A570 and A565. M6: Resurfacing northbound between junctions 32 and 33 (M55 turn off to Lancaster South); diversions possible.

Wales and West: M4: Lane closure at junction 32 (Cardiff). M5: Northbound carriageway shared between junctions 3 (M50 junction) and 9 (A58 junction) for three miles. A425: Temporary lights at Fosseway north of Northleach.

Scotland: A72: Single lane only west of Peebles, Border. A8: Haymarket, Edinburgh, road narrowed. A52: Resurfacing on Gogar Western Road, Glasgow, between Leicester Avenue and Anniesland Bridge.

Information supplied by the AA.

Pollen forecast

	Pollen count	Peak times
Aberdeen	high	3 to 6 pm
Belfast	high	3 to 6 pm
Birmingham	high	3 to 6 pm
Bristol	high	3 to 6 pm
Cardiff	high	3 to 6 pm
Edinburgh	high	3 to 6 pm
Glasgow	high	3 to 6 pm
London	high	3 to 6 pm
Manchester	high	3 to 6 pm
Newcastle	high	3 to 6 pm
Nottingham	high	3 to 6 pm
Oxford	high	3 to 6 pm
Sheffield	high	3 to 6 pm
Sunderland	high	3 to 6 pm
Swansea	high	3 to 6 pm
Torquay	high	3 to 6 pm
Warrick	high	3 to 6 pm

except during rain

Issued by National Pollen and Hay Fever Bureau

The pollen count for London issued by the Air Research Council at 10 am yesterday was 40 (low) for today's recording card British Telecom's Weatherline 01-246 881, which is updated each morning at 10.30.

Weather forecast

An anticyclone will persist over England and Wales. A trough of low pressure will move SE across S Scotland and N Ireland.

6 am to midnight

London, Midlands, Central N, SE, E England, East Angles: Fog patches soon clearing, sunny periods, isolated thunder showers, wind variable, light; max 24 to 27C (75 to 81F).

Central S, SW England, Channel Islands, Wales: Sunny periods, isolated thunder showers, wind variable, light; max 23 to 26C (73 to 79F).

Lake District, Isle of Man, NE England, Border, Edinburgh, Dundee, SW Scotland, Glasgow, N Ireland: SW fog patches clearing, becoming cloudy, rain in places, brighter, mainly dry by evening; max 12 to 15C (54 to 59F); min 7 to 10C (45 to 50F).

NE Scotland, Orkney, Shetland: Sunny intervals, dry, wind W, moderate; max 12 to 14C (54 to 57F); min 7 to 10C (45 to 50F).

Outlook for tomorrow and Saturday: Mostly dry, some rain over Scotland. Becoming somewhat cooler.

SEA PASSAGES: S North Sea, Straits of Dover: Wind variable, light; sea smooth. English Channel (E), St George's Channel, Irish Sea: Wind variable, light; sea smooth.

Sun rises: 4.58am. Sun sets: 8.15pm. Moon rises: 5.56pm. Moon sets: 11.53am. Full Quarter July 17.

Lighting-up time

London 6.43 pm to 4.30 am. Birmingham 6.52 pm to 4.40 am. Edinburgh 10.21 pm to 4.17 am. Newcastle 6.58 pm to 4.58 am. Perth 6.58 pm to 4.58 am.

Yesterday

Temperatures at midday yesterday: a, cloud; t, rain; s, sun; w, wind.

Belfast: a 26 F, t 26 F, s 26 F, w 26 F. Birmingham: a 29 F, t 29 F, s 29 F, w 29 F. Bristol: a 28 F, t 28 F, s 28 F, w 28 F. Cardiff: a 30 F, t 30 F, s 30 F, w 30 F. Edinburgh: a 30 F, t 30 F, s 30 F, w 30 F. Glasgow: a 30 F, t 30 F, s 30 F, w 30 F.

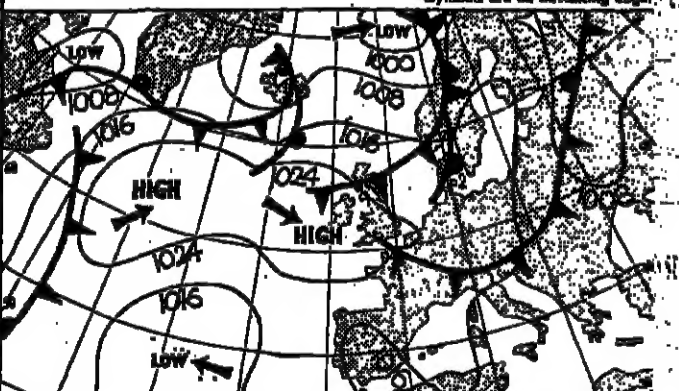
London: Temp max 6 am to 6 pm, 31C (88F); min 6 pm to 6 am, 20C (68F). Humidity 6 pm, 65 per cent. Rain: 34 to 6 pm, at. Sun: 24 to 6 pm, 12.0 hrs. Bdr, main sun level, 6 pm, 1027.7. 1,000 mibars: 29.23 in.

Highest and lowest

Highest day temp: Liphook, Hants 32C (90F). Lowest day temp: Lough Linn 12C (54F). Highest night temp: Newcastle 10.21C (50.4F). Lowest night temp: Newcastle 10.21C (50.4F).

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NOON TODAY Pressure is shown in millibars



High tides

	AM	HT	PM	MT
London Bridge	5.28	7.54	4.31	7.1
Aberdeen	11.08	11.23	11.23	11.23
Belfast	10.21	10.21	10.21	10.21
Birmingham	9.27	9.27	9.27	9.27
Bristol	9.27	9.27	9.27	9.27
Cardiff	9.27	9.27	9.27	9.27
Edinburgh	9.27	9.27	9.27	9.27
Glasgow	9.27	9.27	9.27	9.27
Harwich	9.27	9.27	9.27	9.27
Highland	9.27	9.27	9.27	9.27
London	9.27	9.27	9.27	9.27
Manchester	9.27	9.27	9.27	9.27
Newcastle	9.27	9.27	9.27	9.27
Nottingham	9.27	9.27	9.27	9.27
Oxford	9.27	9.27	9.27	9.27
Perth	9.27	9.27	9.27	9.27
Portsmouth	9.27	9.27	9.27	9.27
Reading	9.27	9.27	9.27	9.27
Sheffield	9.27	9.27	9.27	9.27
Southampton	9.27	9.27	9.27	9.27
Swansea	9.27	9.27	9.27	9.27
Torquay	9.27	9.27	9.27	9.27
Warrick	9.27	9.27	9.27	9.27
Worcester	9.27	9.27	9.27	9.27
Yarmouth	9.27	9.27	9.27	9.27

to-blue sky; to-blue sky and cloud; c-cloudy; o-overcast; l-fog; d-drizzle; h-haze; m-mist; r-rain; s-snow; w-wind; p-petals.

Tide measurement in metres: tm-3.28ft.

Around Britain

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